Austria ... Sch. 18	Indonesia ... Rp 2500	Portugal ... Esc 90
Bahrain ... Din.0.650	Italy ... L 1200	S. Arabia ... Rls 6.00
Belgium ... BFr.38	Japan ... Y550	Singapore ... S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain ... Pta 100
Denmark ... DKr.7.25	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Egypt ... E£1.00	Lebanon ... L£6.00	Sweden ... Skr 6.50
Finland ... Fmk 5.50	Luxembourg ... LFr.38	Switzerland ... SFr 2.00
France ... FFr. 6.00	Malaysia ... Rm 4.25	Taiwan ... NT $65
Germany ... DM 2.20	Mexico ... Pes. 200	Tunisia ... Din 0.600
Greece ... Dr 60	Morocco ... Dh 6.00	Turkey ... L 180
Hong Kong ... HK$ 12	Netherlands ... Fl 2.50	U.A.E. ... Dh 6.50
India ... Rup. 15	Norway ... Kr. 6.00	U.S.A. ... $1.50
	Philippines ... Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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50927

Opec saunters into a crisis, Page 10

NEWS SUMMARY

GENERAL

Hijacked Boeing heads for Beirut

An Air France Boeing 737 hijacked while on a flight from Frankfurt to Paris was last night heading for Beirut after refuelling in Geneva.

A scuffle is believed to have taken place as the three hijackers took control of the aircraft carrying 58 passengers and six crew.

The hijackers are understood to be Iranian and police in Geneva said they were armed with hand grenades.

Iranian authorities refused permission for the aircraft to land in Tehran and the country's ambassador to the UN in Geneva condemned the hijack as an act of piracy.

Israeli parties talk

Leaders of Israel's two largest political parties are starting negotiations on the establishment of a national unity government, following last month's inconclusive general election. Page 4

Craxi to seek vote

Italian Prime Minister Bettino Craxi is to seek a vote of confidence in his five-party coalition at the end of the parliamentary debate on its policy programme. Page 2

Computer crime

Crime in Japan involving computers nearly doubled in the first six months of this year, according to the National Police Agency.

Extradition request

The U.S. has requested the extradition from Switzerland of Mr Marc Rich, a commodities trader alleged by the U.S. Taxation Department to have evaded paying taxes amounting to $48m. Page 3

Blow to Eta

The arrest by French police and threatened deportation Sr Eugenio Etxeveste, of alleged number two in the Basque terrorist organisation Eta, is seen in Madrid as one of the most serious blows to date against the separatist movement. Page 2

Diplomatic slaves

Cases of slavery in diplomatic households involving overwork of employees, under-nourishment and unpaid labour occur in a number of Western countries, a spokesman for the Anti-Slavery Society told a UN meeting.

Crash inquiry

The British Department of Transport has opened an inquiry into Monday night's train crash near Falkirk, Scotland, in which 13 people died and 44 were injured.

Producer jailed

Former music producer Hiroshi Higashiyama, 52, was jailed for seven years in Tokyo for wounding Kiichi Miyazawa, the former Foreign Minister.

Bundestag approves

West German parliament approved the Government's compromise proposals for an immediate start-up to the controversial brown-coal-fired Buschhaus power station. Page 12

Olympic boxing

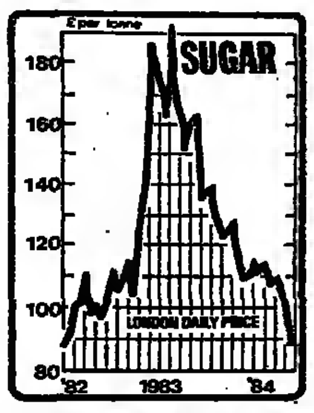
Pepito Gómez of Spain and three other Spanish-speaking light flyweight boxers won the first four fights of a 31-bout card in yesterday's Olympics.

BUSINESS

Japan's capital outflow at peak

JAPAN: Long-term capital outflow in June was a record $6.229bn, chiefly because of low domestic interest rates and high U.S. rates. Page 4

WALL STREET: The Dow Jones industrial average closed 5.3 up at 1,115.28. Section III



SUGAR: London daily raw price was £1 lower at £88 a tonne, the lowest since October 1982, as the bear market continued. Page 38

DOLLAR advanced in London to DM 2.9055 (DM 2.894), FFr 8.9 (FFr 8.8835) and SwFr 2.469 (SwFr 2.4625) but eased to Y245.25 (Y246.0). On Bank of England figures, its trade-weighted index fell to 137.3 from 137.9. In New York it closed at DM 2.919, FFr 8.956, SwFr 2.478 and Y246.9. Page 31

STERLING lost five points in London to $1.3075. It was also lower at SwFr 3.215 (SwFr 3.2225) and Y320.75 (Y321.25) but improved to DM 3.8 (DM 3.765) and FFr 11.635 (FFr 11.62). Its trade-weighted index was unchanged at 78.5. In New York it closed at $1.2985. Page 31

GOLD rose 75 cents on the London bullion market to $341.125. It also rose in Frankfurt to $342.50 and in Zurich to $342.75. In New York Comex August settlement was $337.70. Page 30

LONDON equities were enlivened by takeover speculation. The FT Industrial Ordinary index added 11.8 to 790.5. Gilts rallied. Section III

TOKYO stocks retreated, taking the Nikkei-Dow market average again below the 10,000 mark. It fell 15.12 to 9,998.50. Section III

SINGAPORE shares gained further, and a 13.20 advance in the Straits Times industrial index, to 945.80, brought a five-day revival of 9 per cent. Section III

IMF said it had agreed to lend Portugal up to $55.3m to help the country to overcome a shortfall in its foreign exchange.

THE CANADIAN Government has borrowed a record Y120bn ($490m) through Japanese banks.

DOME PETROLEUM is to sign a comprehensive rescheduling agreement covering most of its C$6bn debt in Toronto, banking sources said.

U.S. STEEL has recovered sharply in its second quarter after a loss last year but warns of another fall in orders. Page 13

POLYGRAM, the music company jointly owned by Philips of the Netherlands and Siemens of West Germany, is planning to sell its music publishing interests to a privately owned group headed by London-based Freddy Bienstock.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

An assessment of the world's 10 best-run businesses is given today in the first of a summer series, the FT Top Ten. Questions ranging from who are the business community's best-dressed people to which are the 10 most insidious weeds in your garden will be answered throughout the summer by FT writers. Page 6

Slower growth in U.S. signalled by leading indicators

BY STEWART FLEMING IN WASHINGTON

The U.S. Government's index of leading economic indicators fell by 0.9 per cent in June, its steepest decline since March 1982 and one that will be cautiously interpreted as a sign that some moderation in the rapid pace of economic growth may be under way.

In announcing the index, which tries to predict the direction of economic activity, the Commerce Department yesterday revised upwards the May data to show an increase of 0.4 per cent in the leading indicators rather than the previous 0.1 per cent decline.

Although it reflects only a single month's change, yesterday's announcement is a more decisive signal of a possible slowdown in growth than those that have gone before.

Seven of the 10 indicators contributed to the decline, with weakness in orders for consumer goods and for factory equipment showing the steepest declines. Some economists are treating the factory equipment orders data as potentially misleading since it conflicts with surveys suggesting capital spending is one of the strongest sectors of the economy.

Most economists expect that, after expanding at a real annual rate of close to 8 per cent in the first half of the year, economic growth should ease to about 4 to 5 per cent in the second half.

Mr Paul Volcker, the Federal Reserve Board chairman, said last week that the Central bank, in charting its monetary policy, had assumed some easing in the pace of the expansion. Such predictions have been made before in the course of this economic upswing, however.

Separately yesterday, the U.S. Labour Department reported that productivity in the non-farm business sector rose at an annual rate of 3.3 per cent, a slight increase from 2.9 per cent in the first quarter.

The department said output rose by 8 per cent between the first and second quarters and working hours increased by 4.6 per cent, both down slightly from first-quarter growth rates.

Economists are hotly debating whether recent trends of productivity represent a long-term improvement in the poor productivity performance of the U.S. economy in the 1970s or merely a normal cyclical upswing.

The Labour Department said that hourly compensation, which includes wages, salaries and employer contributions to employee benefit plans, increased at a 1.8 per cent annual rate in the second quarter, down from a 6.2 per cent rate of increase in the first quarter.

After adjusting for inflation, hourly compensation declined in the second quarter at an annual rate of 1.8 per cent in the business sector, the first decline since the third quarter of 1983.

In testimony in Congress on monetary policy yesterday, two senior Reagan Administration officials expressed some optimism about the immediate outlook for inflation.

Paris loosens exchange curbs as reserves rise

BY DAVID MARSH IN PARIS

FRANCE yesterday announced a modest loosening of exchange controls, including the abolition of remaining restrictions on use of credit cards abroad, in the wake of official figures showing a fresh rise in currency reserves to a record FFr 86.3bn ($9.72bn) at the end of June.

M Pierre Bérégovoy, the Finance Minister, said the last restrictions on holiday spending abroad, imposed as part of the austerity measures brought in by M Jacques Delors, his predecessor, in March last year, were to be lifted today.

French tourists abroad will now be able to use credit cards to draw FFr 2,000 a week in holiday spending money and to make purchases in shops and settle hotel bills up to an unlimited amount. The most draconian of the famous spending limits, introduced to protect France's balance of payments last year, were phased out at the end of 1983, while restrictions on credit-card use by businessmen travelling abroad have already been lifted.

M Bérégovoy made his announcement shortly after publication of figures from the Finance Ministry that showed that France's official foreign exchange reserves rose a further FFr 3.6bn during June to FFr 86.27bn from FFr 82.65bn at end-May. That represents a nearly threefold rise from the low point of FFr 30bn in March 1983, just after the last devaluation of the franc within the European Monetary System (EMS).

Total French foreign reserves, which also include gold, stocks of European Currency Units and claims on the International Monetary Fund, rose by FFr 2.21bn during June to FFr 439.0bn, compared with FFr 351.1bn at the end of March 1983.

Total reserves at end-April 1981, just before the Socialist Government came to power, were FFr 366.0bn, of which FFr 44.2bn was in foreign exchange.

The rise in currency reserves during June has been extended during July as a result of the Bank of France's buying D-Marks during the dollar's phase of extended strength.

Latest returns from the central bank, which include part of the Government's overall currency holdings in its weekly balance sheet, show an increase in its own foreign-currency deposits to FFr

Continued on Page 12

St Regis agrees merger deal to thwart Murdoch takeover

BY TERRY DODSWORTH IN NEW YORK

ST REGIS, the troubled U.S. paper and forest products group, has arranged a friendly merger agreement with Champion International in a move aimed at thwarting a bid from Mr Rupert Murdoch, the Australian publisher.

The merger proposals came only a day after Mr Murdoch announced that he was raising an earlier bid for 50.1 per cent of the paper group from $52 a share to $55, valuing the whole company at about $1.96bn.

A spokesman for Mr Murdoch's News International, which is making the offer, said yesterday that a further statement was planned for later this week. Wall Street analysts predict, however, that he would now find it difficult to mount a successful response to Champion, a timber and paper company similar to St Regis.

The cash portion of the Champion proposals, priced at $55.50 a share for 60 per cent of St Regis, is slightly higher than the News International offer. But the key to Champion's emergence as front runner in the bidding is additional agreements that give it both the right to acquire St Regis's printing papers division, and to take options on about 17 per cent of the St Regis group.

Both of those items are expected to make the deal less desirable to Mr Murdoch. He is believed to have been particularly interested in the newsprint mills, while the share option would leave St Regis with a big, potentially hostile, minority shareholder.

Shares in both Champion and St Regis dipped yesterday in early trading. Champion fell by $2 to $17⅞, reflecting its offer to buy the 40 per cent of St Regis not included in the cash offer through a stock issue of its own.

At 2.85 Champion shares for every St Regis share, that values the stock portion of the offer at $695m, and the entire Champion bid at $1.88bn. It is offering a further $170m for St Regis's preferred stock.

St Regis shares fell by $⅝ to $49⅞ as speculators took their profits.

Mr Andrew Sigler, chairman of Champion, whose offer is being financed by a syndicate headed by Chemical Bank and Morgan Guaranty said the deal gave the group "a tremendous growth opportunity" in paper and pulp, while reducing vulnerability to the cyclical nature of its building products. He said the merger plan called for the "aggressive divestiture of certain assets."

Although some analysts raised questions about the anti-trust aspects of the agreement, the consensus view is that the deal will be allowed, particularly since the two companies have left themselves room to sell businesses that might raise anti-trust questions.

Champion, which employs about 40,000, had sales in the first six months of this year of $2.3bn, on which it earned $69.1m, or $1.11 a share.

St Regis, which employs 26,000 people had first-half revenues of $1.6bn and net income of $66.5m, or $1.81 a share.

Lex, Page 12

U.S. states given ultimatum on unitary taxation

By Nancy Dunne in Washington

MR DONALD REGAN, the U.S. Treasury Secretary, yesterday gave the American states that tax foreign multinationals on the basis of their overseas earnings one year to take "appreciable progress" in ending the practice before asking President Reagan to seek a federal law to prohibit such taxes.

His ultimatum was contained in a letter to Mr Reagan that accompanied the formal report of the Administration's worldwide unitary taxation working group. The 20-member group sought a "state's rights" solution to the controversy and recommended that the states themselves abandon unitary taxation of foreign corporations.

Oregon late on Monday became the first state to vote for a repeal of the tax since the working group agreed to recommend state action on May 1.

President Reagan, under pressure from revenue-hungry state governors, last year was reported to have vetoed a unanimous recommendation by his Cabinet Council to support federal legislation preventing the extension of unitary tax to foreign affiliates. Mr Regan is a member of the Cabinet Council.

The issue was then referred to a working group headed by Mr Regan and composed of state governors, business leaders and tax officials.

Their report failed to reach a consensus on the taxation of dividends received by U.S. corporations from foreign subsidiaries or the treatment of U.S. corporations with primarily foreign operations.

In return for an agreement limiting unitary taxation to the U.S. for foreign multinationals, federal officials promised the states increased federal assistance in tax collection.

Treasury officials indicated that they would wait for state action before moving to renegotiate double-taxation treaties, which prohibit the sharing of information provided by foreign governments to the International Revenue Service.

Mr Regan said: "Progress to date gives me reason to hope that it will not be necessary to enact Federal legislation in order to resolve this problem." The states of Florida, Indiana and California are all moving towards repeal, he said.

Peking talks clear way for HK pact

BY MARK BAKER IN PEKING

DENG XIAOPING, the Chinese leader, and Sir Geoffrey Howe, the British Foreign Secretary, have endorsed a series of decisions that resolve the last substantial differences between the two countries on the future of Hong Kong.

The formal Sino-British negotiations on the issue will continue over at least another month but will deal only with relatively minor points of detail.

A draft agreement on the terms for Britain to relinquish its control over Hong Kong is virtually certain to be signed by the leaders of the two negotiating teams before the end of September.

In one of several crucial decisions reached during Sir Geoffrey's four-day visit to Peking, Britain has accepted China's proposal for a joint liaison group to control developments in the transition to Chinese rule in 1997.

It is believed that the group will meet alternatively in London and Peking, not in Hong Kong. There are indications that China has agreed to a proposal by Hong Kong community leaders that the group should delay intensive work until five years before the changeover.

A source close to the negotiations confirmed a statement by Wu Xueqian, the Chinese Foreign Minister, that a "breakthrough" had been achieved on what had been serious obstacles to an agreement.

"The major obstacles have been largely cleared up" the source said.

A British official said, yesterday's meeting had set the course towards the final agreement.

"The discussions confirmed at the highest level points which had been discussed and agreed, and confirmed the basis for the future co-operation between Britain and China on the Hong Kong question," the official said.

"The atmosphere was warm and friendly and much goodwill was manifested."

A joint statement issued soon after the meeting said that both sides "wish to conclude as soon as possible an agreement on Hong Kong."

It added: "They agreed that Sir Geoffrey Howe's talks with Chinese leaders had registered substantial progress towards achieving that objective."

The formal negotiating teams and the subsidiary working group, which is responsible for drafting work, will resume regular work next week on the outstanding matters.

Confident Deng, Page 4; Hong Kong fearful and obsessed, Page 11

Tornado fails to win $2bn Greek contract

BY OUR ATHENS CORRESPONDENT

GREECE has dropped Panavia's Tornado strike aircraft from the shortlist of contenders for a $2bn contract for the Greek air force.

Mr Andreas Papandreou, the Prime Minister, said after a meeting with senior Cabinet ministers that the Tornado, produced by the British-Italian-West German consortium, was ruled out because "its role is confined to air-to-ground attack."

He said a final choice of two aircraft types would be made from the Dassault-Bréguet Mirage 2000, General Dynamics F-16C and Northrop-McDonnell Douglas F-18A.

The prime minister said that between 60 and 100 new fighters would be purchased, and the final decision would be taken by the beginning of October.

Negotiations for the deal were started by the previous Conservative government as far back as 1976.

But the socialists have postponed a decision as they tried to squeeze better offset and financing terms out of the manufacturers.

National Economy Minister Mr Gerasimos Arsenis will lead final bargaining sessions with the French and American producers.

Military sources say the price mentioned last year of around $3bn for around 100 French or U.S. interceptor aircraft has dropped by more than 25 per cent.

Although Panavia is understood to have been the only manufacturer to offer full co-production with Greece's fledgling aerospace industry, through a partnership in the consortium, the Tornado would be more expensive than its rivals and require special training for Greek

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CONTENTS

EUROPEAN NEWS

Eta arrest is a heavy blow to the separatists

BY TOM BURNS IN MADRID

THE ARREST by French police, before expected deportation, of the alleged number two in the Basque terrorist organisation, Eta, was viewed in Madrid yesterday as one of the most serious blows to date against the Basque separatist movement and as a milestone in the collaboration between France and Spain in containing Eta.

Sr Eugenio Etxeveste was detained at a police checkpoint in the village of Angelet, between Bayonne and Biarritz, in South-west France, on Monday.

He was confined yesterday to residence north of the river Loire and it is understood that he might be deported to Central America as have been a number of middle-ranking Eta members in recent months.

Sr Etxeveste, aged 33, has been the undisputed theoretician of Eta's hard-line military wing for the past five years and is credited with being the main sponsor of a Marxist-Leninist current within the separatist movement.

Dr Domingo Iturbe, the recognised leader of Eta, who is also resident in South-west France, is said by Spanish security officials to represent the more traditional and nationalist component of the separatist movement, in contrast to the internationalist theses championed by Sr Etxeveste.

Officials in Madrid, also senior members of the moderate Basque nationalist party, the main political force in the Basque country, believe that Sr Iturbe is more amenable to winding up Eta and accepting a ceasefire.

Sr Etxeveste is viewed as the more intransigent of the two and as a supporter of indiscriminate, as opposed to selective, terrorist violence.

Spain does not plan to request Sr Etxeveste's extradition.

His possible deportation to Central America, a move that Madrid requested nearly nine months ago, would irremediable weaken his influence over Eta.

With Sr Etxeveste removed from South-west France, it was hoped that more Eta members, whether imprisoned or in hiding from the Spanish police, would come forward seeking individual amnesties under the Madrid Government's recently introduced "social re-insertion" programme for repentant terrorists.

Sr Etxeveste was reportedly at the centre of a reprisal squad of Eta gunmen, threatening those who were planning to apply for pardons.

Spain plans to peg wage rises below inflation for second year

BY OUR MADRID CORRESPONDENT

THE SPANISH Government is seeking to peg wage rises below the inflation level for the second consecutive year, according to a draft of the 1985 budget, presented to leaders of the Employers' Association and the unions.

Salary increases will be held to a maximum 6.5 per cent in the public sector next year, when inflation is planned to be brought down to 7 per cent.

This year, the wage ceiling was also set at a recommended 6.5 per cent – 1.5 percentage points below the current 8 per cent inflation rate.

Control of the money supply, together with wage restrains, will be the main plank of the budget, which must be submitted to the Spanish parliament by October 1.

According to the draft, the Government plans to hold M3 money supply to 13.1 per cent in 1985, permitting an increase of credit available to the private sector of 7.5 per cent during 1985.

The budget will aim at a growth in domestic demand of 1.3 per cent next year, against zero growth this year, and for an increase in the gross domestic product of 3 per cent.

Total government expenditure in 1985 is forecast at Pta 6,400bn ($39.1bn) against income of Pta 4,700bn. The forecast deficit of Pta 1,700bn is Pta 300bn up on last year.

The budget draft forms the framework for current tripartite talks between the Government, employers and unions. It aims to cement a social pact by September, when the budget goes before parliament.

Ireland's class system 'rigid'

BY BRENDAN KEENAN IN DUBLIN

THE IRISH Republic, which traditionally prides itself on being a relatively classless society has a more rigid class structure than England. This is the surprising conclusion of a study published by two academics from Dublin's Economic and Social Research Institute.

The authors, Professor Brendan Whelan and Dr Christopher Whelan, explain the apparent contradiction by saying that the Irish idea of "class" is associated with the Anglo-Irish gentry, whose numbers and influence have undoubtedly waned.

But the authors found that it is much more difficult to move out of the working class to professional and managerial status than in England and Wales, France or Sweden – the countries with which they made comparisons.

Some of the differences are startling. Analysis of a survey of Dublin men showed that the percentage who had moved from a non-skilled manual background to the higher classes was 42 per cent lower than the comparable English figure.

In a scale of social mobility Sweden emerged as the least rigid society, Ireland as the most rigid and England and France in between.

The study points out that the figures would be worse but for the high numbers who emigrated in the past.

It identifies the Irish education system as a major source of the barriers to breaking away from one's family background. By the same token, those born into a middle-class family in Ireland have a much higher chance of staying in that class than in the other countries.

The republic introduced free education and school transport only 20 years ago, but the school structure remains relatively unchanged from the earlier fee-paying, church-controlled system.

The report echoes past warnings that the existence of such class barriers may be contributing to social tensions and poor industrial relations in Ireland. It quotes a 1983 study which showed high levels of distrust of management among Irish manual workers.

Underground leaders in challenge to Warsaw

By Christopher Bobinski in Warsaw

TWO LEADERS of the banned Solidarity trade union, one freshly released from prison and the other still in hiding, have met over the weekend and issued a statement which represents a direct challenge to the Polish authorities.

The two are Mr Zbigniew Bujak, the underground leader in Warsaw, and Mr Wladyslaw Frasyniuk, who was released on Friday from Leczyca prison near Lodz. Mr Frasyniuk led the underground movement in Wroclaw until his capture in the autumn of 1982.

Their joint statement, which signals that neither intends to give up the struggle for the return of Solidarity says: "Solidarity must exist if Poland is to become a free country."

The meeting provides the authorities with their first test of how to treat the detainees now emerging from prison under July's amnesty for political prisoners.

In the past, the Government has turned a blind eye to meetings by Mr Lech Walesa, the former leader of Solidarity, and his joint statements with underground leaders. The movement, by publicising the meeting between Mr Bujak and Mr Frasyniuk, evidently hopes to establish a similar freedom of manoeuvre for other union leaders now being released.

Technically, a meeting with a person in hiding and subsequent refusal to provide details to the authorities is an offence, and the authorities could crack down on Mr Frasyniuk.

He will now be returning to his home. His wife had raised the alarm and threatened to report him to the police as missing persons, when he failed to come home et the weekend. He was later reported to "be resting in a monastery."

Yesterday, Mr Jerzy Urban, the government spokesman, reacted calmly to reports that other former prisoners were planning to meet and that Mr Walese was ready to take an active part in those meetings.

"Should an offence be committed at any such meeting, then it will be prosecuted, and if it isn't then it won't," Mr Urban said, implying that no immediate reaction was planned.

Soviet miners complain about conditions, pay

MOSCOW—Miners in one of the Soviet Unions oldest coal mining districts have complained about conditions and pay, the Soviet newspaper Socialist Industry said yesterday.

Reports of worker discontent are rare in the Soviet Union, where all trade unions are under the control of the ruling Communist Party.

However, Socialist Industry said it had put "post boxes" at mines at Karanganda, in Northern Kazakhstan, since the beginning of the year for questions from workers.

Despite the introduction of productivity bonuses, coal production had not generally risen and in a few cases had fallen, the newspaper said.

"Conditions in the mines themselves have deteriorated with an increase in gas content in the seams. What is needed is more high-efficient ventilators, air conditioners and conveyor belts," one anonymous miner complained.

The miners have been told by local officials that their problems will now be dealt with.

Reuter

Seat belt law in W. Germany

By Rupert Cornwell in Bonn

THE WEARING of front seat safety belts was to be strictly enforced in West Germany from midnight last night, as the Government strives to reduce an increase in the country's car accident rate.

Offenders will be subject to on-the-spot fines of up to DM 40 ($14).

Most West German states, however, are giving a grace period of one or two months before enforcing the fines.

Only in Baden-Württemberg, Rhineland Palatinate and Bremen will the fines be operative immediately.

PUBLIC SECTOR DEFICIT OF $8.6BN IN 1985 BUDGET

Belgian spending cuts continue

BY PAUL CHEESERIGHT IN BRUSSELS

THE BELGIAN Government will next year have to finance a public-sector deficit of nearly BFrs 500bn ($8.6bn) it disclosed yesterday when it presented its 1985 budget.

Changes in tax and financial procedures outlined in the budget continue the policies of the centre-right coalition Government, aimed at reducing the role of state spending in the economy.

For Mr Willy de Clercq, Belgium's Minister of Finance, next year's budget looks like the last he will have a hand in preparing, Paul Cheeseright reports. Yesterday, he moved a step nearer a place in the new European Commission to take office next year under the presidency of M Jacques Delors of France.

Mr de Clercq's party, the Flemish Liberals, formally forwarded his name in nomination to the Government. It is likely to be accepted, meaning that Mr de Clercq would succeed Viscount Etienne Davignon as the Belgian representative on the Commission.

They follow a series of measures, dating back to 1982, seeking to shift resources into the corporate sector. An austerity package was announced in the spring.

In the budget, the Government has acted to increase its revenues by tightening tax allowances given to companies foreign countries, cutting out already facing tax charges in tax rebates on home insulation and removing anachronistic special tax provisions for Belgians crossing the border to work in France.

It is holding back on state subsidies to social security funds, which this year and next, will show a surplus. But it is proposing specific measures to reduce unemployment, including the payment of a lump sum to those prepared to take a year's holiday, leaving space for an unemployed person to take a job.

After social security spending, the largest charge on the budget is financing the public debt — 22.7 per cent of the total of BFrs 1906bn, for 1985, an increase of 4 per cent over 1984.

Debt charges next year are expected to be BFrs 56.5bn, following a Government agreement with the banks that will lead to economies of BFrs 25bn.

This involves principally an issue of special Treasury bills with a maturity of three years that the banks will take up. But the banks have agreed to reduce commissions on the pricing of state loans.

Further accounting economies will be made by floating in 1985 a Government loan on which the first payments of interest will be delayed until 1986.

Although the Government's initial plans to reduce the size of the public deficit have slipped, and its relative size in the economy will not be on the level of the EEC average until 1988, it is diminishing on a year-by-year basis.

Employers win reprieve on factory noise

BY OUR BRUSSELS CORRESPONDENT

EUROPEAN empolers were given a reprieve yesterday from a proposal to restrict drastically the noise levels permitted at factories and other work-places.

The European Commission agreed to relax its original plan to impose a uniform maximum sound level of 85 decibels, and fix the limit instead at 90 decibels for the next five years.

The move follows furious lobbying by all the main European employers' organisations, which had argued that the cost of the 85-decibel limit could put an intolerable burden on many industries.

The decision was announced by the Commission yesterday as a variation in its proposed directive on the protection of workers from excessive noise, a measure which has yet to be approved by the full EEC Council of Ministers.

The new proposal would still insist that any workers suffering noise levels above 85 decibels—somewhere between heavy traffic noise and that of an industrial ethe—be provided with "appropriate hearing protectors," and hearing checks at least once every five years.

It also calls on the Council of Ministers, representing the member-states, to re-examine the noise levels after five years, "with a view to making a further reduction in exposure to noise at work and setting a maximum daily sound exposure level of 85 decibels."

Organisations such the Confederation of British Industry had presented comprehensive papers on the cost of converting factories to comply with the proposed noise levels, suggesting that it could cost a major UK steelworks £145m to meet the 85-decibel limit, but only £55m to comply with 90 decibels.

Lisbon austerity moves praised by bankers

BY DIANA SMITH IN LISBON

PORTUGAL'S public sector deficit dropped to 9 per cent of gross domestic product in 1983, compared with 12 per cent in 1982. Growth of credit slowed to 20 per cent from 24 per cent in 1982 as a result of austerity measures introduced last summer.

This improvement in strained public finances was stressed by the Finance Minister, Sr Ernani Lopes, at the ceremonial signing in Lisbon of the $401m syndicated loan to the Republic of Portugal led by 26 international banks with another 27 joining as managers, co-managers or participants.

Sr Lopes expressed the Government's hope that stubborn inflation could be brought down this year from a record 34 per cent level in 1983.

He hoped that by the end of 1984 inflation would drop to 23 per cent. It would not be possible to do better, he said, due to the effects of adjustments to prices of fuel, transport and some basic products.

Wages will rise moderately by 20 per cent in 1984, he said.

Portugal was praised at the ceremony for the new image it had presented since the change of government 15 months ago.

Speaking on behalf of participating banks, M Gerard Prache, executive vice-president of the Banque Nationale de Paris, lauded the country for its drastic recovery programme.

M Prache praised the Bank of Portugal vice-governor, Sr Vitor Constancio, and international director, Sr Pacheco Jorge, who set up this year's operation.

Early last year bankers were less pleased with a confusing approach by the former Government that bypassed the Bank of Portugal and put negotiations for a badly-needed loan into non-official hands.

The decision to let Bank of Portugal experts handle this year's loan was welcomed by bankers.

A record number of banks joined the loan, with a Japanese presence of nine lead managers and 11 co-managers, managers or participants – the most ever.

Greek concession on visas for Macedonians

BY ALEKSANDAR LEBL IN BELGRADE

GREECE is showing signs of trying to mollify Yugoslavia, which has recently stepped up public complaints about discrimination against Yugoslav Macedonians travelling to Greece.

The Athens Government plans to issue multiple entry visas to Yugoslavs, who would need to show only their internal identity cards, not passports, the head of the Greek tourist association said in Belgrade this week.

Yugoslav officials are unimpressed by this concession, however, saying it does not tackle the real issue. This is that while all other Yugoslavs get prompt Greek visas, those from the southern Yugoslav republic of Macedonia are denied visas if they or their ancestors were born in the Greek part of the Macedonia region.

At the root of the problem appear to be Greek fears that recognising a separate Macedonian "nation" would lead to Yugoslav territorial claims to that part of northern Greece, where there are what the Greeks call "Slavophone Greeks" and what the Yugoslavs call "Aegean Macedonians."

Up to 100,000 people of Slav descent who fled Greece during and after the Greek civil war live in Yugoslavia, mainly in the republic of Macedonia.

The Yugoslav authorities deny any territorial pretensions, but the unresolved Macedonian issue is a major stumbling block to better relations with Greece, as it is with Bulgaria, which also refuses to recognise the Macedonian identity of many of its citizens.

It has in addition an economic impact, in that it has delayed implementation of a United Nations project on the regulations of the Vardar-Axios river between Yugoslavia and Greece and it drastically reduced the number of Yugoslav tourists going to Greece last year. Up to 1983, Yugoslavs were the largest group of foreign tourists in Greece.

Craxi to ask for vote of confidence

BY ALAN FRIEDMAN IN MILAN

SIG BETTINO CRAXI, Italy's Prime Minister, yesterday told parliament he would be seeking a vote of confidence on the programme for political co-operation signed last Friday by leaders of the five parties in Italy's governing coalition. The vote could take place later today.

Claiming that a number of policy objectives—including the lowering of inflation—had been achieved since his Government took office last August, Sig Craxi said: "The economic recovery in Italy remains the number one priority of this Government."

Flanked by Sig Luigi Romita —the new Budget Minister appointed on Monday Sig Craxi went on: "I cannot be a judge, but it is a fact that several of our basic objectives have been achieved or are being achieved."

The inflation rate, 16 per cent e year ago, was now heading for 10 per cent. The public sector deficit which a year ago was heading for L130,000bn had been contained at L96,000bn (£41m).

Sig Craxi remained vague about the elements of the five-party agreement signed last week, saying only that the Government was united on the need to press ahead with legislation and policies on the economy, public spending, employment, industry and the southern regions of Italy.

After restating the need for "legislation, not just proposals," he also said that a better rapport with the opposition parties, especially the opposition Left, "should be sought wherever possible."

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The first of two articles on European apprenticeships examines opportunities available in work experience

More young West Germans seek on-job training

Young people and parents are more than ever inclined to feel that apprenticeship in a recognised trade may be the best guarantee for future employment in West Germany's highly-regulated structure of jobs and training, John Davies reports.

AFTER military service, Herr Volker Seebeck applied for apprenticeship training at Hoechst, the West German chemical group, last year — along with more than 15,000 other young people.

He was one of the fortunate 2,000 to win a place and has plunged confidently into his chosen field of commercial studies.

A self-possessed 23-year-old who combines a diplomatic turn of phrase with an irreverent sense of humour, Herr Seebeck sees practical benefits in embarking on apprenticeship as a basis for his future career.

He has no anxiety about ever being unemployed, but with jobs difficult to come by and future prospects clouded, many more West Germans are seeking apprenticeships these days.

The include a growing number of older applicants who, like Herr Seebeck, have the highest school-leaving qualification, the Abitur (university entrance).

Young people and parents are more inclined to feel that apprenticeship in a recognised trade may be the best guarantee for future employment in the highly regulated structure of jobs and training in West Germany.

Even pupils with the Abitur, particularly girls, are concerned that university education alone may not ensure them of a job, so are increasingly seeking the work experience and practical training of apprenticeships, sometimes as a prelude to higher education.

Apprenticeship has a long, deeply-rooted tradition in West Germany and is much more wide-ranging and well organised than in many other countries.

The system is generally credited with helping to alleviate the problem of youth unemployment lately, although critics claim it is not sufficiently flexible for some young people or for some small businesses.

The biggest worry at the moment is whether there are enough apprenticeships to go around. For this reason, the months before the usual start to the apprenticeship year in autumn are fraught with anxiety for many parents and young people.

Hoechst is not the only company which receives far more applications than it can accept, but its reputation for running a thorough scheme ensures that there is strong competition to win a place there.

Throughout West Germany, 725,000 young people sought an apprenticeship last year, a dramatic increase compared with the 665,800 of 1982 and 628,000 of 1981.

After a lot of pressure from government Ministers and industry associations, employers offered 697,000 places, which was also a sharp increase on the 651,000 of 1982.

When the scramble had ended and training begun, a total of 678,000 young people had entered into aprenticeship, compared with 631,000 the year before. But 47,000 missed out on a place.

This year the Government has predicted that between 715,000 and 735,000 will seek places.

The applicants include not only pupils leaving schools with minimum qualifications, but also older pupils who have got the Abitur or who have done a full-time technical education course or who have applied unsuccessfully before.

The number of apprenticeship places to be offered is, as always, uncertain—which some critics feel is a basic flaw in the whole system — but there are fears that fewer places will be available than last year.

Some employers, including Hoechst and government bodies such as the railways, take on more apprentices than they need for their own purposes.

But in the ebsence of financial aid to employers, the Government and industry associations generally have to resort to appeals to employers to fulfil a social obligation by training apprentices.

In the build-up to last year's federal election, Chancellor Helmut Kohl promised that apprenticeships would be available for all young people—a well-meaning if somewhat rash pledge that led to much informal pressure on employers to offer more places.

This year, there is no election pressure on Government Ministers or employers, although the issue is so sensitive it cannot be ignored.

To many people, the country's apprenticesbip system has the greet advantage that it is a dual system, combining practical on-the-job training with instruction at vocational institutes.

In a lot of cases, apprentices —often called Azubis (short for Auszubildende (or trainees)— spend 3½ days a week on the job, in classes or learning work under supervision, and 1½ days in classes outside.

Well over 400 vocations are covered by apprenticeship, although the most popular are motor vehicle mechanic, shop assistant, hairdresser and commercial and banking careers.

Minimum training requirements are laid down in an official syllabus—although some companies, such as Hoechst, teach more—and examinations are set, generally after two to three years.

Apprentices enter into individual contracts with employers, who are under no obligation to keep them on after they have finished their training.

Employers know that some apprentices will in any case leave to take their skills elsewhere or to pursue bigher full-time studies.

Hoechst provided jobs for 70 per cent of the apprentices who completed their training last year, while a further 8.5 per cent went on to higher training at the company.

The apprenticeship system involves companies in extra costs. Herr Ulrich Gruber, the head of Hoechst's apprenticeship training, says tha organisation spent about DM 100m (£26.3m) last year on its 5,730 apprentices at various levels of training in 50 vocations.

About half of Hoechst's costs went on payments to apprentices, who generally receive between DM 600 and DM 800 (£158-£210) a month, and the rest on salaries for instructors, outlay on materials and other costs. Hoechst has its own training centre, complete with a language laboratory.

Once apprenticeship is over, young people can expect to begin skilled employment at Hoechst at between DM 2,000 and DM 2,500 a month.

Young people who go straight from school into unskilled work might earn between DM 1,500 and DM 2,000 a month — in other words, double the apprentices' pay — but without formal training or higher education their future prospects could be precarious.

The increased number of apprenticeships offered last autumn helped to reduce the number of young people unemployed in West Germany. At the end of December, 190,500 people under the age of 20 were registered as unemployed, compared with 203,000 a year earlier.

In the face of the increased demand for apprenticeships last year, the federal Government brought in a special programme of technical education for about 7,000 young people who missed out on places.

This year, the government is spending DM 900,000 on a campaign under which retired master-tradesmen are visiting small businesses to try to persuade them to take on apprentices.

Pressure for employers to step up their training plans is likely to increase in the weeks ahead.

Mondale tactics knock Republican strategy off balance

BY STEWART FLEMING IN WASHINGTON

MR WALTER MONDALE, the Democratic Party's Presidential candidate, opened his election campaign yesterday amid signs that the Republican Party has been knocked off balance by the bold strategy which the former Vice-President has adopted.

Yesterday Mr Mondale, a politician who in the past has always been characterised as a skilled but cautious strategist, left Minneapolis for New York, the home town of his Vice-Presidential running mate Ms Geraldine Ferraro. Together the Democratic contenders will then make a three-day campaign swing via Cleveland to Texas and Mississippi, territory where Mr Mondale is perceived to be politically vulnerable.

Mr Mondale's decision to open the campaign early—traditionally the season does not hit high gear until after Labour Day at the beginning of September—has caught the Republican Party napping. Some Republicans are already wishing President Reagan had taken the two-week holiday he is now enjoying last month.

But it is not just Mr Mondale's timing which has caught Mr Reagan's strategists off guard. His choice of Ms Ferraro, the first woman Vice-Presidential candidate of a major party, and his decision to force Mr Reagan into a debate about tax policy have presented Mr Reagan's political advisers with an unexpected challenge.

The President's initial response to the choice of Ms Ferraro, which came close to suggesting the decision amounted to "tokenism," is seen to have been a serious political blunder. Ms Ferraro has a lot to prove in the coming months but her poise in the past few weeks has undermined the innuendo that her only qualification is her sex.

Mr Reagan also fumbled the ball Mr Mondale threw in his direction when he claimed that the President had a "secret plan" to raise taxes to tackle the deficit. In his televised Press conference last week, Mr Reagan gave an equivocal answer, first saying he would not raise taxes and then leaving the impression that he might after all.

The risk Mr Mondale has taken in saying that he will try to cut the budget deficit in part by raising taxes has thus opened up what promises to be a fruitful area of debate. Mr Mondale is seeking to force the President to address America's economic future and not just bask in the glow of a powerful economic recovery for which he can claim the credit.

There are rumblings of discontent in the Republican Party too at Mr Reagan's decision not to address the convention of the National Urban League, an influential organisation which represents black Americans. Mr Mondale was due to address the convention yesterday and Mr Reagan's absence, it is feared, has only served to reinforce the impression that he is not concerned about the poor. Mr Mondale announced the appointment of a black Congressman, Mr Charles Rangel, as his campaign co-chairman just before his convention appearance.

Mr Mondale and Ms Ferraro are making the most of the opportunities they have been presented with to grab the headlines but they can see the signs of a Republican counter-attack taking shape. Republican strategists are trying to enliven for television viewers their own Presidential nominating convention in Dallas which begins on August 20 by strengthening the opening-night speakers.

There are reports too that the Republicans have decided that one way to neutralise the so-called "Ferraro factor" will be to concentrate their fire on Mr Mondale and his record in the Carter Administration.

Republicans have begun to try to present Mr Mondale as to the Left of the American political mainstream, a tactic which Mr Reagan has been trying to underpin by forcing votes in Congress on a range of Republican legislative initiatives. The objective is to create a situation in which the Democrats can be accused of obstructing the legislation.

The pre-electoral jockeying for position in Congress is already threatening to make progress on a defence budget compromise difficult, if not impossible. The conference committee of the two houses on the Defence Authorisation Bill broke up on Monday without agreement over the MX missile programme, even though Republicans and Democrats were close to a decision on the overall level of defence spending for fiscal year 1985. Democrats are planning to use the MX missile as a symbol in their attack on the Administration's military spending and its record on arms control.

The latest polls are also tending to confirm the impression that Mr Mondale's initial tactical moves have strengthened his position. A poll taken by Louis Harris between July 20 and July 24 gives Mr Reagan and Vice-President George Bush a 2 point lead, 50 per cent to 48 per cent over Mr Mondale and Ms Ferraro.

Mr Harris maintains that "the choice of Ms Ferraro has had a very explosive effect." While Mr Mondale thus remains the underdog, he is given more chance of running strongly against Mr Reagan now than at any time this year.

U.S. asks for extradition of Marc Rich

By John Wicks in Zurich

THE U.S. authorities have asked the Swiss Government to extradite Mr Marc Rich and Mr Pincus Green, directors of the Zug-based international commodities company Marc Rich.

Charges were brought against the company in the U.S. last year on grounds of alleged tax evasion involving an estimated $20m. A daily fine of $50,000 was subsequently levied on the company until the delivery of documents needed for official investigations.

A spokesman for the Swiss Ministry of Justice said in Berne yesterday that an extradition request had been presented by the U.S. embassy on July 20. This was not official, however, in that it was written in English, not in one of Switzerland's languages.

The Swiss have therefore not yet started to consider the request and have given no details of the charges against the two men listed in the American Note.

Under Swiss law, extradition is possible only in the case of offences punishable under Switzerland's own penal code with a year's imprisonment or more. This would mean that extradition would not be granted should the U.S. charges be restricted to tax evasion. The position could change if there were grounds for allegations of tax fraud.

In the meantime, the Swiss are still waiting for a reply to a recent Note to the U.S. authorities setting out our conditions for delivery of documents concerning Marc Rich operations held by the Government in Berne.

Sears tower . . . challenged for supremacy

Pomp and flamboyance came up Trump's

By Terry Dodsworth in New York

MR DONALD TRUMP is never a man to miss the chance of a headline. Builder of New York's most flamboyant modern skyscraper, the unambiguously entitled Trump Tower, he has immediately responded to a New York City East side shoreline development project by announcing plans for the world's tallest building.

There is no guarantee at all at present that Mr Trump will be allowed to go ahead with the project. At 37, he is already a battle-scarred veteran of several unsuccessful planning contests. But a lot of the smart money will still be on a man who has already put his stamp on some of the most lavish developments of the last decade.

Down on the East side, on a site almost opposite the twin World Trade Centre towers, a few hundred yards to the West, Mr Trump would like to put up a 1,940 ft tower. It would cost a nice round $1bn, he says, and would be packed with luxury apartments, office space and a luxury hotel—to say nothing of parks, shopping centres, lagoons and a yacht basin.

Apart from topping the World Trade towers by a comfortable 600 feet, and taking the world's tallest building away from the Sears tower in Chicago, this grandiose project would also keep alive Mr Trump's reputation as the U.S.'s most dynamic developer.

His fortune, controlled by a private company, has been estimated at around $1bn, sunk mainly into a variety of buildings in the New York area. He loves pomp and extravagence, and has an infallible gift for self publicity which is reflected in such things as his ownership of a football team — the New York Generals — or the uniformed brass bands which played carols outside the Trump Tower at Christmas.

His buildings, while not meeting with universal architectural approval, can never be ignored. The Trump Tower is an extravaganza in glass, looming over Fift Avenue close to Central Park, and containing an enormous swimming pool on one of the upper floors. It required an Herculean planning effort to buy the air rights from the adjacent buildings to make it possible.

Another of his towers, the Plaza luxury co-operative on Third Avenue, is said to have brought new standards to hedonistic living to central New York—a proposition which is somewhat difficult to imagine.

His most recent construction is in Atlantic City, the old New Jersey seaside resort which is being resurrected as the gambling capital of the North East. Right on the beach he has recently opened an enormous new pleasure dome, a $220m casino hotel modestly entitled—wait for it—the Trump Plaza.

Mr Trump has not revealed what he will call his new East side masterpiece, should he get the contract. But there will be no prizes for guessing the general line of his thinking.

Oil spill from grounded tanker

CRUDE OIL from a grounded tanker spread into the Gulf of Mexico yesterday after the 690-foot British tanker Alvenus, with a cargo of 14.7m gallons of oil ran aground along a dredged ship channel, AP reports.

The impact opened a 115-foot long seam up one side of the ship, across its deck and down the other side from which oil was seeping. A Coast Guard spokesman said there was potential for environmental disaster and officials were treating it as if it was "a spill of the highest magnitude."

THE ship was about 10 miles offshore from Calcasieu Pass, and about 40 miles south of Lake Charles, Louisiana, where it was heading when the accident occurred.

Nicaragua poll battle gets underway

Contras fail to find a political voice

BY TIM COONE IN MANAGUA

THE NICARAGUAN electoral battle begins in earnest today, a three-month campaign leading to nationwide polling on November 4 for President, Vice-President and a 90-member National Assembly. Voter registration at the weekend was high, with almost 1.4m of the estimated 1.6m eligible voters having put their names down.

The first campaign shots have already been fired in a battle which is clearly going to be as much about winning international recognition as the votes of Nicaraguans. The country's first genuine attempt to become a democracy since its independence from Spain, in the 19th century, is coinciding with the Presidential election campaign in the U.S., where Central America has become an important election issue. International attention has thus been focused on Nicaragua.

Accusation of totalitarianism in the country emanating from the White House have attracted criticism from the large corps of foreign Press now resident in Managua to cover the campaign.

The man now known by some as "Mr Reagan's candidate" arrived last week in Managua. Dr Arturo Cruz, a Nicaraguan who has spent most of his adult life in the U.S. working at the InterAmerican Development Bank, was billed as the Presidential candidate of the Coordinadora Democratica (CD), a grouping of three Christian Democrat-style parties with the backing of an important section of the private sector.

But his candidature was short-lived. No sooner had he arrived than he stated that before the CD would agree to take part in the elections the Sandinista Government must begin a dialogue with the U.S.-backed counter-revolutionaries (Contras) of the FDN and Arde.

Dialogue with the guerillas was rejected outright by the Sandinistas. Commander Bayardo Arce, a top Sandinista leader said at the weekend: "Dr Cruz, through the election process, tried what President Reagan failed to do, to create political legitimacy for his Contras. The only way we will negotiate with them is in the mountains and on the frontiers, with guns in our hands."

Dr Cruz's close association with the Contras (he admits to having helped establish Arde—the Costa Rican-based guerrilla group) has been a helpful propaganda weapon for the Sandinista Government. Making use of the newly lifted restrictions on the Press and political activity, Dr Cruz put his demands for a political role for the U.S.-backed guerrillas forcefully, but few, apart from the Right-wing church hierachy and his own party seemed impressed. Now labelled as Reagan's man, he may have damaged himself and perhaps his party politically.

When the Sandinistas refused Dr Cruz's demand for negotiations with the Contras, the CD failed to register by last week's deadline to fight the election. The only way it can fight now is to go into alliance before August 4 with a registered party but some of its voters may have already slipped away.

The three parties to the Left of the Sandinistas, the Communists, the Socialists and the Popular Action Movement, which together have a strong trade union base, are committed to fighting the elections.

The Sandinistas, also with a strong trade union base and wide support among the peasantry, agro-industrial workers, students and the intellectual middle class will clearly be running, as will the small Popular Social Christian Party, a Centre Left party with middle class professional support.

The Conservatives and Liberals, the two parties which traditionally fought for power throughout Nicaragua's turbulent history either by vote or force of arms, and which are rooted in the business sector, landowners and cattle farmers, have registered.

Despite its abstention, the CD was urging its supporters to register over the weekend. Dr Louis Rivas Leiva, CD Secretary-General, explained that this was so that on November 4 "people can spoil their votes as a protest."

The CD's strategy now is for Dr Cruz to go on a tour of Europe with Sr Eden Pastora, the Costa Rican-based guerrilla leader, and possibly Sr Alfonso Robelo and Sr Adolfo Calero, the two leaders of the Arde and the FDN, to try to gather international support.

If they can discredit the Nicaraguan elections in Europe, political and military pressure on the Sandinistas can be expected to continue, giving more hope of creating a political space for the U.S.-backed guerrillas.

Sr Cruz . . . campaign abroad

NICARAGUA and the U.S. began a third round of secret peace talks yesterday in the Pacific coast resort of Manzanillo, Ronald Buchanan reports from Mexico City.

The delegations are led by the U.S. envoy to Central America, Mr Harry Schlandman, and Nicaragua's Deputy Foreign Minister, Sr Victor Hugo Tinoco. Previous meetings were held in Manzanilo and Atlanta, Georgia. The only official comments on the talks so far have indicated that no progress has been made.

67 die in El Salvador village guerrilla attacks

SAN SALVADOR — Leftist guerrillas in El Salvador killed 59 civil defence guards, a soldier and seven civilians yesterday in attacks on four hamlets and two farm estates near the capital, military reports and witnesses said.

They said between 300 and 600 guerrillas stormed the sleepy neighbouring villages and estates outside the towns of San Matias and San Juan Opico in La Libertad province, some 16 miles West of San Salvador.

Rebels attacked government civil defence posts at Las Flores and nearby El Rancho farming estates with mortar and automatic weapons fire, killing 49 civil defence members in seven hours of combat, military reports said. Four civilians were also killed in the attacks, including two children who burned to death after a mortar round hit their home. The estates were bought by the Government and given to peasants under an agrarian reform programme.

● El Salvador's state-owned train company, Fendesal, has closed all railway lines in the country because of Leftist guerrilla attacks, a company spokesman said.

He said rebels of the Farabundo Marti National Liberation Front (FMLN) had seriously damaged three trains in the last month

Reuter

Mexico unveils industrial investment plan

BY RONALD BUCHANAN IN MEXICO CITY

THE Mexican Government has produced a plan to help make Mexico a middle-ranking industrial power by the end of the century. The plan known as the National Programme for Industrial Development and Foreign Trade 1984-1988, achieved greater precision than any previous document on the rules for foreign investment, but most foreign businessmen have initially given it only a cautious welcome.

Foreign chambers of commerce and such overseas leaders as West Germany have urged the Government to ease the rules on foreign investment.

The plan, however, represents little advance on the guidelines issued in February by Sr Adolfo Hekewich, head of the Foreign Investment Commission. Like the February guidelines, the plan lists "priority" areas, such as those of advanced technology, in which majority foreign investment will be allowed.

Businessmen assume that in other areas the 1973 foreign investment law's norm of a 49 per cent limit on foreign investment in any enterprise will continue to be observed.

"Essentially, the situation remains the same," a leading foreign investment consultant here said: "Decisions to allow foreign investment will still be taken on a case-by-case basis."

But, though there are still no hard-and-fast rules, greater precision has been achieved. The plan states, for example, that preference will be given to companies which are small or medium enterprises in their countries of origin. Above all, foreign investment will be encouraged where best it helps the plan's overall strategy.

That strategy, according to Sr Rene Villareal, undersecretary at the Ministry of Commerce and Industrial Development, will be to achieve structural change in what hes described as an overprotected, seriously inefficient industrial base. Sr Villareal co-ordinated work on the plan.

In his presentation of it, Sr Villareal was sharply critical of the import-substitution model which successive post-war Mexican governments had followed. The oil boom implemented by the 1976-82 administration had merely prolonged the life of an outmoded scheme of development, he said.

Sr Villareal described three "pivots" of the plan. "The industrialisation of the manufacture of basic consumer goods . . . should become the internal motor of growth together with manufactured exports which should generate ever-increasing foreign-currency earnings." Further mixing his metaphors, the Under Secretary added that, once these two links in the chain were in place, the third pivot, import substitution, would be added to them.

But, he said, import substitution had to be selective and "implemented at a rate which is below the historic level."

OVERSEAS NEWS

WORLD TRADE NEWS

A confident Deng plays the magnanimous victor

BY MARK BAKER IN PEKING


China's leader praises . . .

AS FAR as Deng Xiaoping, the Chinese leader, is concerned the debate with Britain on the future of Hong Kong is over.

So pleased is Mr Deng with the outcome of talks during the four-day visit to Peking by Sir Geoffrey Howe, the British Foreign Secretary, that he has bestowed a special accolade on Prime Minister Thatcher: Britain's De Gaulle.

"In France it was General de Gaulle who brought an end to French colonial rule," Mr Deng told Sir Geoffrey yesterday. "Now we can also say that Prime Minister Margaret Thatcher will bring an end to British colonial rule."

While British and Chinese leaders say there are still some matters to be settled in the formal negotiating sessions, they agree that major problems have been solved during the Howe visit and a final agreement on Hong Kong will be ready for initialling by the end of September.

But for Deng Xiaoping, the ebullient elder statesman of China who will be 80 next month, the historic moment when China will regain control of Hong Kong and end about 150 years of British rule is in sight.

In the one and a half hour meeting with Sir Geoffrey in the Great Hall of the People yesterday Deng painted the imminent agreement in grand terms. "A good settlement will set an example in the world for settling questions left over from the past between states," he said. "It will have a great impact internationally."

Deng confided that his greatest ambition was to live until 1997—the year that Britain's colonial leases over most of Hong Kong expire and the territory will revert to China.

Deng interrupted a summer vacation at a coastal resort to return to the capital to see Sir Geoffrey. When Sir Geoffrey complimented him on his heavy suntan, Deng was delighted. "You can see my skin has gone brown, like an African. I have adopted their nationality."

It was a remarkably hospitable performance from Deng, who has been orchestrating the key moves on Hong Kong recently. Within a matter of weeks he caused consternation in the colony by declaring that China had the right to send in troops after 1997 and he then rebuked a delegation of the most prominent Hong Kong community leaders as having no status. But yesterday Mr Deng had the air of a magnanimous victor.


. . . Britain's "De Gaulle"

Shamir and Peres to hold unity talks

BY LYNNE RICHARDSON IN TEL AVIV

THE LEADERS of Israel's two major parties, who came close to a tie in last week's general election, will meet today to discuss the possibility of setting up a national unity government.

After meetings with President Chaim Herzog yesterday both the Prime Minister, Likud Yitzhak Shamir, and Mr Shimon Peres, the leader of the Opposition Labour Party, spoke of the need for such a government. Prime Minister Shamir invited Mr Peres to joint discussions immediately, but Mr Peres suggested the first meeting to take place at noon today, after President Herzog has completed his consultations with the smaller parties.

In an interview with Israel Radio, Mr Peres said the initial talks will only deal with the setting up of a unity government and not its make-up. The Prime Minister's Office said that Mr Shamir told the President that the question of who would be Prime Minister in such a government was open to discussion.

Talks on a unity government were held last September in the wake of Mr Menahem Begin's resignation but broke down on the subject of Jewish settlement in the occupied territories. When President Herzog asked Labour leaders how this might be resolved now, Mr Yitzhak Rabin, a former Labour Party leader, suggested that a public referendum on the subject might satisfy all parties.

Meanwhile, a defendant in the Jewish underground case was yesterday sentenced to three years in jail with a further three years suspended. Jerusalem District Court handed down sentence on 25-year-old Yosef Tsuria, who last month had been convicted after pleading guilty to charges of conspiracy in the plot to blow up the Dome of the Rock in Jerusalem, a Moslem holy site. He had also admitted reconnoitring the site to learn about security arrangements and posing as an army officer to purchase silencers for use by the underground.

The conspiracy charge alone carried a maximum sentence of five years and the judge said he had weighed the seriousness of the charges against the defendant's "positive, personal attributes."

Factional violence feared in Kashmir

By K. K. Sharma in New Delhi

CHAOS reigned yesterday in the Kashmir state legislature when it assembled for a test of strength between the present Chief Minister and his ousted predecessor.

Outside, the capital city of Srinagar under a strict curfew, was heavily patrolled by security forces as the spectre of factional violence continued to hang over the state.

In the short but tempestuous session, members exchanged blows in the well of the House, physically ejected the Speaker and declared that a new Speaker was elected. When Dr Farooq Abdullah the ousted Chief Minister, and his followers stormed out in protest, a motion of confidence in the Government of Chief Minister Ghulam Mohammed Shah was declared unanimously carried by his supporters.

The constitutional crisis—which began on Monday when the Speaker disqualified 13 Shah supporters as members of the House—has now been exacerbated

The legality of the proceedings is being questioned by Dr Abdullah, but it appeared last night that the Shah Government, which is supported by Prime Minister Indira Gandhi's Congress-I party, was still in power.

Dr Abdullah angrily told reporters that the proceedings constituted the "darkest chapter in the constitutional history of Kashmir."

Dr Abdullah's followers are demanding that the Shah Ministry be dismissed and that the Governor should take over the state's administration until elections can be held. These demands, however, are not expected to be heeded, as Mrs Gandhi and her Congress-I party are believed to want Mr Shah to remain in power.

Mrs Gandhi, who is already finding it difficult to handle the situation in the state of Punjab arising out of the Army's storming of the Sikhs' temple headquarters in Amritsar in June, now faces the prospect of unrest and violence in Kashmir. This is a sensitive border state with a Moslem majority and a history of communal tensions.

The dismissal of Dr Abdullah is thought to have been engineered last month by the Congress-I party for partisan gains. Dr Abdullah denies accusations that he encouraged pro-Pakistan groups and Sikh terrorists in Kashmir.

Suez security strengthened after 'blasts'

BY TONY WALKER IN CAIRO

EGYPT IS strengthening security in the Suez Canal zone following reports of explosions at the weekend in the Gulf of Suez at the southern end of the canal. The Egyptian authorities have launched an investigation into the explosions, a Government spokesman said yesterday.

He said that ships passing through the Gulf of Suez had reported three explosions but that no accidents or damage had resulted. This is the second case in less than a month of mysterious incidents in the zone.

A Russian container ship passing through the canal in July was damaged by an explosion in its hold. Egypt conducted an official inquiry but did not report the findings. The ship's captain said at the time that the explosion was caused by "external factors."

Earlier yesterday, Mr Mohamed Abel Ezzat, chairman of the Suez Canal Authority, denied that the explosions at the weekend were caused by mines. No clear explanation however, has been offered for the blasts, which were reported by the captains of three ships passing through the Gulf of Suez at the southern end.

The captains told the canal authority they had seen the explosions several hundred yards from their vessels. In Washington, there was speculation that the explosions may have been caused by mines and that a ship may have been damaged.

Mr Ezzat denied there were any mines, either in the Canal or its outlets. He said the explosions might have been caused by companies exploring for oil in the area.

The canal was mined during the Arab-Israeli war of 1973. It was reopened in 1975 and is one of Egypt's principal revenue earners. In 1983, Egypt earned $980m from traffic through the Canal.

Mr Ezzat insisted the waterway was safe to navigation and was in normal use. The identity has not been revealed of the ships that reported sighting the explosions.

Canberra to encourage more entrepreneurs

By Colin Chapman in Sydney

BUSINESSMEN and entrepreneurs seeking to migrate to Australia will have to show they intend to invest capital of A$500,000 (£316,456) in a business before they will be eligible for a visa under new immigration regulations effective today.

The present minimum capital requirement of $A250,000 has been doubled, while Australia's overseas embassies and high commissions have been told that preference should be given to those investing in high technology and so-called sunrise industries.

The Australian Government has decided to increase the number of annual immigrant entrepreneurs to 4,000, including family members, compared with only 1,500 in the year ended June 30. This forms part of an increased immigration programme of 74,000 new arrivals, compared with 64,000 last year.

Family reunion, based on close family connections as well as a points test, will provide 42,000.

Japan's defence budget may rise 7% next year

BY ROBERT COTTRELL IN TOKYO

JAPAN'S budgeted defence expenditure may rise by up to 7 per cent next financial year, following negotiations concluded early yesterday morning between Mr Noboru Takeshita, Japan's Finance Minister, and Mr Yuko Kurihara, chief of Japan's Defense Agency. The suggested "ceiling" would allow a maximum increase in the country's defence spending of Y205.5bn (£6.4bn) to Y3,140.1bn in the financial year beginning April 1985.

The proposed increase is likely to prove politically controversial. It favours defence over most other government departments, which are being asked to hold or cut spending. It will probably bring defence spending right up to, if not over, the 1 per cent of gross national product to which it has been limited by political convention since 1976.

The "GNP ratio" rose from 0.93 per cent to 0.98 per cent in the 1983-84 financial year, when spending rose 6.5 per cent, and is expected to stand at just over 0.99 per cent in the current financial year, for which a 6.88 per cent increase "ceiling" was approved.

The ruling Liberal Democratic Party's national security research council said in May this year that it planned to reconsider the one per-cent-of-GNP defence "ceiling", in the light of U.S. encouragement for Japan to build up its military capability. Such a reconsideration is likely, however, to meet sharp criticism from opposition parties in Japan's Diet (parliament). Mr Yasuhiro Nakasone, Japan's Prime Minister, said yesterday that it was too early to gauge the likely relationship between defence spending and GNP for 1985-86.

Mr Takeshita's Finance Ministry is currently negotiating with government departments to prepare the ground for next year's budget. Most departments have been asked to cut back appropriation requests from the current year's level, while increases have been conceded in principle in defence, overseas aid, welfare, energy, scientific research,

New Zealand ends embargo on investment

MR ROGER DOUGLAS, the New Zealand Finance Minister, said yesterday that his Government had lifted the country's embargo on Australian investment, writes Reuter from Wellington.

He said in a statement that he had had discussions with Mr Paul Keating, the Australian Treasurer, and that they agreed that removal of the embargo would facilitate talks on new foreign investment procedures in the two countries could be made more compatible.

The embargo was imposed in June last year after Sir Robert Muldoon, the former Prime Minister, said that "farcical" decisions by Australia were preventing New Zealand companies from investing there.

Dai Hayward adds: Mr David Lange, the new Prime Minister, said yesterday that Sir Robert had "betrayed his country" and brought it to the brink of economic disaster. He had sentenced the country to a lower standard of living for many years, Mr Lange said.

Higher trade surplus fails to stem capital outflow from Japan

BY ROBERT COTTRELL IN TOKYO

LONG-TERM capital outflow from Japan hit a record monthly high of U.S.$6.229bn (£4.766bn) in June, according to balance of payments figures released yesterday by Tokyo's Ministry of Finance. The outflow meant that Japan registered a preliminary $2.254bn unadjusted overall balance of payments deficit during June, despite a merchandise trade surplus of $4.845bn, and a current account surplus of $4.384bn.

The June deficit compares with an unadjusted $1.223bn deficit for May this year, and a $1.384bn surplus for June 1983.

Japan's merchandise exports for June totalled $14.649bn, the highest monthly total since March, and 20.6 per cent up on June 1983. June imports totalled $9.804bn, 5 per cent higher than June 1983, but down 12 per cent from May this year

For the first half of this calendar year, Japan has now reported a merchandise trade surplus of $19.28bn, compared with $12.88bn at last year's halfway stage. The current account surplus for the first half of 1984 totals $14.57bn, almost double the $7.65bn surplus generated by June 1983.

Analysts say the principal cause of Japan's high level of capital outflow is the differential between low domestic interest rates, and high rates available in the U.S. In recent weeks, U.S. long-term bond yields have typically stood five to six percentage points higher than yields available on Japanese instruments. As a result, Japanese investors are estimated to have shifted around $2bn a month into U.S. bonds during the past quarter.

Japan recorded large long-term capital outflows in April and May, of $3.724bn and $4.473bn respectively, adding up to a second-quarter total of $14.376bn, the highest single-quarter outflow, and four times the size of the $3.493bn outflow recorded in the second quarter of 1983.

The downturn in Japan's stock market has also played a significant role in accelerating capital outflow. The Tokyo Stock Exchange Dow Jones Index peaked at 11,190 on May 4, and has been trading in recent weeks around the 10,000 mark. Foreigners have been heavy net sellers, switching $1.1bn out of Japanese equities in April, and $1.71bn in May.

U.S. imports 24.2% of steel needs

WASHINGTON — American steel imports for the first half of the year reached a record of nearly 12.5m tons and captured 24.2 per cent of the market, the American Iron and Steel Institute said. AP reports.

The figure surpassed the 10.8m ton mark set in the first six months of 1978.

"If steel imports continue to enter this country during the rest of this year at the same rate they did during the first half, they would reach 25m tons," Mr Donald H. Trautlein, chairman of the institute said.

Aid for Egypt agreed

Egypt has said it will use $300m grant aid provided by the U.S. Government under an agreement signed yesterday to buy raw materials for domestic industry so as to reduce dependence on imported consumer goods. Tony Walker reports from Cairo.

The agreement, signed by Mr Nicholas Veliotis, the U.S. Ambassador to Cairo, and Mr Kamal el-Ganzoury, minister of Planning and International Co-operation, accounts for some 40 per cent of the U.S. aid allocation to Egypt in 1983-84.

Ericsson-Ecuador deal

ERICSSON, the Swedish telecommunications group, has been awarded a $21.8m contract to supply its AXE digital telephone equipment to Ietel the Ecuadorian telecommunications authority, David Brown reports from Stockholm.

The award, which follows international tender, calls for Ericsson to supply equipment for some 40,000 subscriber lines outside the capital, Quito. NEC of Japan will supply roughly the same number of lines for use in the capital.

A long-term upgrading plan will involve Ecuadorian annual orders of an additional 50-60,000 lines. Ericsson expects to capture roughly half this market.

PanAm reduces fares

Pan American World Airways said that from November 1 it will cut fares between the U.S. and London by about 36 per cent, AP-DJ reports from New York. The company said the new "absolutely no-strings attached" one-way fare will be $249 from New York.

ICI plans $30m Brazilian thick polyester plant

BY ANDREW WHITLEY IN RIO DE JANEIRO

ICI BRASIL, a wholly owned subsidiary of the British chemicals giant, is to invest U.S.$30m in an import substitution plant, to prodoce thick polyester film.

The new plant, to be built in Bahia State, in the country's north east development region, will produce 6,000 tonnes a year of "Melinex" grade film for medical, microfilm, graphic arts and other purposes.

Although the local market for these products is still relatively small — annual sales of about 3,500 tonnes worth approximately $20m—it is a fast growing sector with considerable potential.

The decision to replace imports with locally manufactured products is one that a wide range of other multinationals in Brazil have also taken over the past yaar, or are presently considering.

It follows the Government's adoption of an aggressive policy of import limitation, to boost the trade surplus, and the simultaneous reduction in local manufacturing costs through wage controls and devaluations of the cruzeiro.

ICI said in Sao Paulo yesterday that when the new plant comes on stream, in 1987, it will entirely replace virtually all imported polyester film of this grade.

U.S. may allow private sector to launch communications satellites

BY NANCY DUNNE IN WASHINGTON

WILL THE U.S. continue its support of Intelsat, the global satellite telecommunications consortium, as the lone provider of intercontinental satellites communications facilities? Or will it adopt the "free market approach" and permit U.S. companies to launch independent, competitive satellites?

The Reagan Administration must make that decision soon, the congressional Office of Technology Assessment (OTA) said in a report issued during recent hearings by the House Telecommunications Subcommittee. However, the White House has delayed policy recommendations on international communications because of feuding between the State and Commerce Departments over which agency should play the lead role in implementing them.

It has been more than six months since officials from both departments submitted separate but similar reports to the White House recommending a limited level of private sector competition with Intelsat. The turf war has also delayed a White House recommendation to the Federal Communications Commission (FCC), which must rula on licensing applications for private satellite launches.

The U.S. must weigh the interests of its private sector against its foreign policy objectives and existing international agreements, the OTA told Congress. It also noted that the demand for international telecommunications services is expected to increase at a rate of 10 per cent a year and preventing U.S. companies from independent ownership of satellites "could close off certain potentially profitable opportunities to them."

The delayed decision has allowed Intelsat time to marshalt its arguments against private competition. These were relased in two papers submitted to the House subcommittee.

Both papers argue that licensing before negotiating a solution with the Intelsat partnars, particularly the Europeans, will lead to trouble.

"The license-first approach is likely to produce inconclusive intergovernmental confrontation and lead ultimately to negotiations condncted in a crisis atmosphere," says the comprehensive report issued by Wiley, Johnson and Rein, a well-known Washington law firm which numbers Intelsat among its clients.

The European governments have been "uniformly hostile" to free market telecommunications proposal, the report warns, and they "have at their disposal important positive and coercive leverage which could effectively blunt an unwanted U.S. telecommunications initiative."

Mr Philip H. Trezise, former U.S. Ambassador to the OECD, wrote the second paper and takes a similarly dim view of U.S. unilateralism. History provides numerous examples, he says, of the "negative consequences when the U.S. sought to export its trade policies without taking dua account of other people's views and interests."

Nigeria: discipline, hard work and a hand-to-mouth existence

BY ANDREW GOWERS
RECENTLY IN LAGOS

TO LISTEN to statements from Nigeria's Federal Military Government these days, you would think the entire nation was being turned into one gigantic parade ground. Hard work and orderly behaviour are the things of the moment; metaphorical war has been declared on indiscipline.

Obediently, Nigerians can now be seen forming tidy queues at market stalls and public lifts. Perhaps they even drive a little less aggressively than they used to.

The Government is also cracking down hard on crime. Many offences, including several of an essentially economic nature, now attract the death penalty.

This certainly marks a change of style from the days of ex-president Shehu Shagari, who was overthrown by senior-army officers last New Year's Eve. As such — an effort to bring order out of chaos — the military's sweeping measures appear to enjoy broad public support, although there is disquiet among members of the intelligentsia at the curbs on freedom of the Press.

But if the regeme's grip on law and order is firm, its handling of other aspects of government seems, on the evidence so far, much less sure. Many diplomats and other observers in Lagos express doubts as to whether Major General Muhammadu Buhari, the head of state, and his Supreme Military Council have an overall idea where they are taking the country, and in particular its economy.

The critical issue remains Nigeria's relationship with the International Monetary Fund. After 18 months of negotiations, it seems increasingly unlikely that the impasse with the Fund over terms for a three-year $3bn (£2.29bn) loan can be overcome this year. The loan would do much to restore international confidence in Nigeria and enable it to tap other sources of new finance, such as the World Bank.

Without it, the Government has very little room for manoeuvre. Its hopes for an increased production quota from the Organisation of Petroleum Exporting Countries have only partly been fulfilled, with a small and temporary boost worth about $210m in August and September, and an extraordinary attempt by Prof Tam David-West, the oil minister, to obtain payment for oil sales three months in advance failed miserably.

In addition there is scepticism within the oil industry as to whether Nigeria will be able to sell its 100,000 barrels a day of extra output in August, and whether Prof David-West will succeed in his present determination to try and extend the production increase beyond September.

So the country's only alternative is to live from hand to mouth, attempting to keep up with mounting debt payments while using remaining oil revenues to keep a bare minimum of essential imports flowing in. The problem could well get worse as debt-servicing needs increase towards 1987.

The results of what one senior diplomat terms this "non-decision" are obvious everywhere. Industry is now working at between 20 and 30 per cent of capacity, owing to a lack of imported raw materials and spare parts, and in contrast to last year it has now virtually depleted all its stocks.

"If this continues, the Government's in danger of re-creating a nation of petty traders," commented one leading foreign businessman.

Meanwhile, scarcities of basic commodities continue to put upward pressure on prices, despite the Government's tirades against profiteering "middlemen," and despite the popular currency change exercise of last April, which may have significantly cut cash in circulation.

The Government's efforts to shift Nigerian tastes back towards traditional home-grown foods such as yam and cassava do appear to be making an impact, but it is uneven owing to the inefficient distribution network.

The impression of economic drift is reinforced on the political front. Politically, the Government is still essentially feeding off the past. It blames the current state of the economy to a great extent on the embezzlement practised by corrupt former politicians; it seeks to rally public support partly by trying those people (some 450 of whom are still in detention awaiting trial) for thair crimes, and by whipping up hostility to those who fled abroad, such as Alhaji Umaru Dikko, the former transport minister.

Nine former state governors have been jailed, usually for terms of 21 years and more, by secret military tribunals so far.

The cases have mostly involved relatively small amounts of money—hardly adequate to back up the extravagant claims of damage to the economy. This fact, together with a curious lull in tribunal verdicts in recent weeks, has led cynical Nigerians to begin speculating whether the Government is having difficulty putting cases against the former politicians together.

There are also mutterings among Yorubas and Ibos, from the south-west and east of the country respectively, about an alleged tilt in favour of the northern establishment in the tribunals' judgments so far.

The tribunamals' have yet to santence any governor who was both from one of the far-northern states—Sokoto, Kano, Kaduna and Gongola—and a member of the ruling party, the National Party of Nigeria. At least as importantly, the Government has not yet indicated whether it intends to proceed against ex-president Shagari himself, who is said to be still under house arrest.

All this lends credence, in some minds, to the view that the coup was more of an internal house-cleaning exercise by the northern establishment, which dominated Alhaji Shagari's party, than a fundamental shake-up. Certainly, the Supreme Military Council contains a substantial northern contingent.

Yet despite al lthe hardships and uncertainties, it is not clear at present that they will lead to an upsurge of popular discontent with the Government in the immediate future.

The trade unions, although restive, are weakened by recession and high unemployment. The politicians are either locked up or lying low, and there seems to be little nostalgia—except in some sections of the press—for the partisan free-for-all which existed before the coup.

Probably the main threat lies in the army itself. It is generally accepted in Nigeria that the senior army officers took over on New Year's Eve in order to preempt a potentially more radical and bloody coup from the lower ranks.

As a result, the army chief of stafff, Maj-Gen Ibrahim Babangida, and the regime's apparent strongman, Brig Tunde Idiaghon, have been spending much of their time in recent months with their fellow soldiers—explaining the Government's problems or reposting malcontents.

How long that will serve to keep the junior officers in their place is the key question troubling thoughtful Nigerians.

Britain may send envoy to mend fences

BY MICHAEL HOLMAN, AFRICA EDITOR

BRITAIN IS considering the possibility of sending an envoy to Nigeria to discuss ways to resolve the strained relations between the two countries caused by the abortive kidnapping in London last month of Dr Umaru Dikko, a prominent exile.

In the furore that followed, the High Commissioners in the two countries were both recalled, marking the lowest point in relations between the two countries since 1979, when BP's Nigerian interests were nationalised.

Other moves to ease tensions with Britain's largest trading partner in black Africa are also under consideration but direct and personal contact with General Muhammadu Buhari, the Nigerian military leader would, it is believed, provide an opportunity to mend fences.

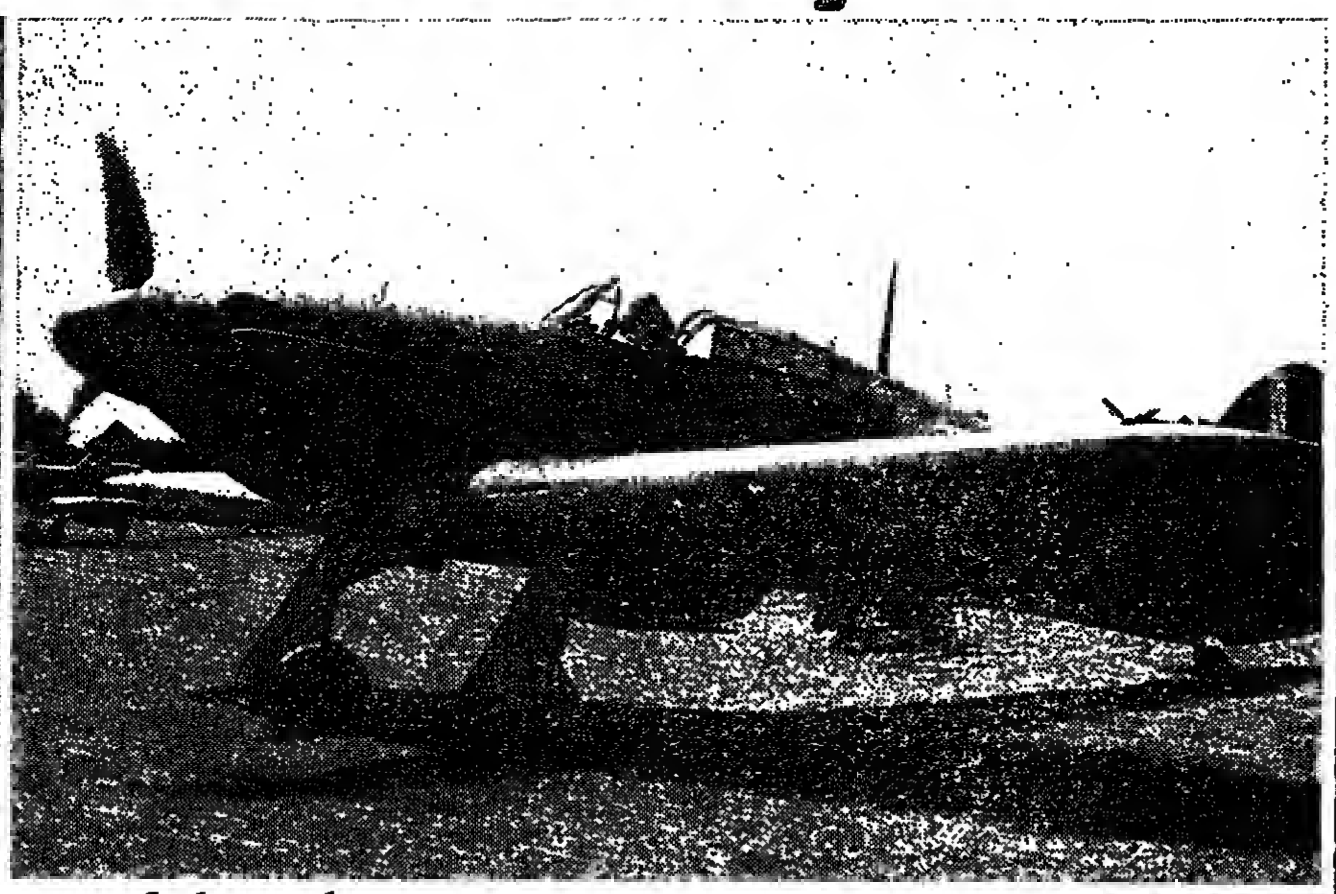
There are signs that the Nigerian authorities themselves wish to begin a process which would lead to normal diplomatic relations. The affair has been all but dropped as a public issue in Nigeria itself, a development thought to reflect the Government's own desire to play the matter down.

Apart from the kidnapping incident, any envoy is likely to face questioning on Britain's response towards Nigeria's efforts to reschedule some $2bn in insured trade arrears.

This week the Export Credits Guarantee Department, repeated Britain's earlier insistence that any agreement on terms would be dependent on Nigeria committing itself to an International Monetary Fund programme.

ECGD and Treasury officials are due to hold talks on Nigeria's offer this week, before beginning consultations with other export credit agencies in France, West Germany and Italy.

Forty years ago Britain needed both the Spitfire and the Hurricane. Now we need both British Caledonian and British Airways.



The battle this time is for passengers and Britain must fight the world.

The Civil Aviation Authority in their recent report recommended that Britain would be better placed with two world class airlines – British Airways and British Caledonian.

To achieve this they recommended the transfer of some routes from British Airways to British Caledonian.

Naturally, this has raised a few questions and we'd like to answer them now.

1. Will British Airways be too small to be successful?
Far from it. It will still control about 70% of U.K. scheduled services; still fly out of the world's best international airport, with the best international route network in the world.

It will still be a huge, profitable airline, eminently suitable for privatisation.

2. Will there be redundancies if the routes are transferred?
British Caledonian are willing to take on British Airways staff that are genuinely associated with any routes we take over. Our pay structures are similar and we deal with the same unions.

3. What will the ordinary passenger get out of the changes?
Better service. If the plan goes through British Caledonian will compete with British Airways on about 36 routes instead of just 12. We reckon about 7 million more passengers each year travelling on international scheduled services will have a choice between the two airlines.

And you know what competition does, don't you? It makes everyone try harder.

The passengers will also get an even better Gatwick with more flights and more connections.

4. What will Britain get out of the changes?
A stronger and better balanced airline industry. Remember, this report took six months to prepare – it shouldn't be judged in a hurry. It was written by the Civil Aviation Authority – the experts in this field. They weren't taking sides; they were thinking of the industry as a whole.

Two strong British world class airlines must be a better bet than one.

5. Why is the report being challenged?
The Government wants to privatise British Airways.

Lord King says any transfer of routes would delay the whole procedure by five years. Why?

The effect of the transfers on British Airways' profitability can readily be calculated and they could go to market on time, still with substantial profits and prospects.

6. What will happen if the report is ignored?
If British Airways is privatised with its present monopoly of routes, Britain's independent airlines will be threatened with extinction.

British Caledonian has 7,000 workers to protect and if we can't get more routes at Gatwick we'd want to move to Heathrow where there is more business.

This can't be what the Government or the public wants and it's not what we want. We'd like to see the report adopted and our business expand and develop at Gatwick as Britain's other major international airline.

Britain first.
Both British Caledonian and British Airways put British first in their names, now we should all put Britain first in our actions.

British Caledonian

COMMERCIAL LAW

UK NEWS

Ship's sellers liable for late delivery

LINNETT BAY SHIPPING CO LTD V PATRAICOS GULF SHIPPING CO SA

QUEEN'S BENCH DIVISION (COMMERCIAL COURT): MR JUSTICE LLOYD: JULY 30

BUYERS OF a vessel sold by an agreement in the Norwegian Sale Form are entitled to damages for late delivery though the sellers were not to blame for the delay.

Mr Justice Lloyd so held when dismissing an appeal by Linnett Bay Shipping Co Ltd, sellers of the Al Tawfiq, from an arbitrators' award that the buyers, Patraicos Gulf Shipping Co SA, were entitled to damages for late delivery of the vessel.

HIS LORDSHIP said the dispute arose out of the sale of the Al Tawfiq under an agreement in the Norwegian Sale Form.

Clause 4 of the agreement provided that "the vessel shall be delivered ... in Karachi ... within October 31 1980 at which date if vessel not ready for delivery, then buyers' option maintain or cancel this agreement. Should the vessel become a total or a constructive total loss before delivery, this contract shall be considered null and void and the deposit immediately released to the buyers."

Clause 14 provided that "if default is made by the sellers ... in delivery of the vessel ... in the manner and within the time herein specified, and the default shall have arisen from events for which sellers are responsible, the buyers shall have the right to cancel this contract ... The sellers shall ... make due compensation for any loss caused to the buyers by non-fulfilment of this contract."

For her last voyage before delivery the vessel was chartered with a bulk cargo to the port of Bin Qasim, near Karachi. In the ordinary case she would have been delivered in good time before October 31.

Unfortunately on October 5 she went aground while navigating a channel on the way to Bin Qasim. It was not suggested that the casualty was in any way the fault of the sellers.

The vessel was refloated five days later, on October 10, and discharged her cargo at Bin Qasim. She then sailed for Karachi, which she reached on October 23. On the same day the sellers gave written notice of readiness for delivery.

The buyers, however, declined to accept the notice. In consequence the sellers were compelled to have the vessel dry-docked. She did not come out of dry-dock until November 19, nearly three weeks after the date when she should have been delivered.

Delivery was accepted by the buyers, and they sought to recover damages for late delivery. They succeeded before the arbitrators to the extent of $190,812.

The question for the court was whether, on the true construction of clauses 4 and 14, the buyers were entitled to damages for late delivery, it having been found as a fact that the sellers were in no way to blame.

Before the arbitrators the sellers' case was that the obligation to deliver by October 31 was not absolute, but was an obligation to use their best endeavours or due diligence.

Clause 14 gave the buyers an express right to cancel and claim compensation, but *only* where failure to deliver on time arose from events for which the sellers were responsible. So, it was argued, it would be absurd if the buyers had an independent right to claim damages under clause 4 *irrespective of sellers' responsibility*.

Mr Dean for the sellers supported that argument by reference to what happened under clause 4 if the vessel became a total loss before delivery. In that event the buyers could recover their deposit under clause 4, but could not recover damages, for the contract was null and void.

But if, instead of failing to deliver the vessel altogether, the sellers delivered late, and the buyers cancelled, the buyers could recover damages but *could not* recover their deposit.

In order to make sense of clause 4, so the argument ran, it was necessary to read in a qualification from clause 14, that the sellers should not be liable in damages unless "the default shall have arisen from events for which the sellers are responsible."

The court was not persuaded by Mr Dean's argument. The arbitrators said they could not see that clause 14 provided any warrant for refusing to give clause 4 its meaning, and that the two clauses made "perfect logical and commercial sense" as they stood.

The clauses contained parallel provisions for cancellation covering similar, but not identical ground. Clause 4 was narrower in so far as it applied only in the case of late or non-delivery, whereas clause 14 could apply to other cases of default; but clause 4 was wider in so far as it covered defaults for which the sellers were not responsible as well as defaults for which they were.

The right to cancel, whether under clause 4 or clause 14, was not inconsistent with the right to claim damages. But the rights to claim damages under the two clauses were subject to different qualifications.

Under clause 4 the right to claim damages was excluded where the vessel was a total or constructive total loss. Under clause 14 the right to claim damages was excluded where the default arose from events for which the sellers were not responsible.

There was no good reason, let alone any necessity, for reading the qualification from clause 14 into clause 4. As the arbitrators said, the two clauses made "perfect logical and commercial sense" as they stood.

It might make for better understanding if, when the Norwegian Sale Form was next revised, the second paragraph of clause 4 was confined to the date and place of delivery, and all provisions relating to cancellation and the right to claim damages, including the third paragraph of clause 4, were transferred to a new clause 14.

The appeal was dismissed.

For the sellers: Michael Dean QC (Lloyd Denby Neal)

For the buyers: Richard Siberry (Holman Fenwick & Willan)

By Rachel Davies
Barrister

10-minute rule will cut MPs' talking

By Margaret van Hattem

IS THERE too much waffle in the House of Commons? The nearly unanimous conclusion of an all-party Select Committee that has been studying the problem is "Yes."

The Procedure Committee, in its first report of this Parliament, has recommended an experiment to the next session – a 10-minute limit on MPs wishing to speak in popular debates.

The limit would apply, at the Speaker's discretion, for two-hour periods starting at 6 pm or 7 pm, during second readings of public Bills, in opposition day debates and in full-day debates on Government motions.

The Speaker should be empowered to cut off any member who exceeds the limit, the committee says. It has come down strongly against a rule change to enable the Speaker to tip off members who have no chance of being called.

As Lord Tonypandy (previously Mr George Thomas) warned the Committee while giving evidence, that might empty the chamber. Drawing on his experience as the previous Speaker, he recalled: "If people could find out that they were not going to speak, they were away. Interest in the subject finished if they were not making a speech."

The Commons, he suggested, needed an attendance for atmosphere. "There is nothing more pathetic than to see that chamber empty on important issues. And we know where they are. With every respect – *they are outside the chamber pursuing no doubt important matters*. But if names were given in advance, I do not think we would see them in the chamber at all, except for their moment."

Even if members were called, their interest was hard to sustain. "People's attitudes to the House have changed. They do not seem to like to sit and listen to a debate, and like only to speak and then to go."

He was not unsympathetic. Some members, he mused, found it "very hard to be aware of the passing of time."

Lord Tonypandy strongly favoured the proposed limits. "Anybody who has a clear mind and does not want to waffle can make it in 10 minutes."

A Commons majority will be needed to implement the committee's recommendations.

Guy de Jonquieres examines a planned data link up

Test of communications policy

LESS THAN four months before the target date for the public flotation of shares in British Telecom (BT), Government *thinking* on telecommunications policy faces another challenge.

It is posed by BT's decision to join with the UK subsidiary of IBM, the world's largest computer manufacturer, to set up a nationwide data network to handle a wide range of sophisticated information services.

The project, which would involve investments of millions of pounds, is the most ambitious of its kind in western Europe. According to BT it would help to stimulate business efficiency and enable the UK to capture a share of the fast-growing world market for information processing dominated by U.S. interests.

However the project faces strong opposition from other parts of the UK electronics industry. ICL, the largest British-owned computer maker plans a rival network of its own. It fears that an alliance between BT and IBM would lock competitors out of a growth market. It is urging the Government to block the project by refusing to grant a licence.

The market at stake is embryonic and hard to define. The electronics industry is convinced that it will start to develop rapidly in the next few years as computer systems take over the *managing* of flows of information at present communicated by telephone and on paper.

Most forecasts are based on the expansion of communicating computer terminals, fuelled by the spread of personal computers. BT estimates the number of terminals in Britain will grow to 7.5m by 1993 from 1m today, and that the number of subscriber lines used to communicate data will more than treble to 850,000.

Communications networks will be needed to cope with this explosion of demand. Advances in technology enable networks to carry not only messages between terminals, but also a variety of special "value-added" services which use computer power to process information.

"Value-added" applications are expected to include reservation and billing, cashless funds transfer and financial trading systems.

Because of the controversy which the BT/IBM project seems likely to arouse, the Government plans wide-ranging consultations and will probably not make up its mind until after the BT flotation, expected in late November.

The issue may not be easy to resolve. The Government has a long list of ambitious objectives for its telecommunications policy. In *assessing* the BT/IBM project it will have to decide where its priorities lie.

It will have to balance a decision to give BT commercial independence against accusations by ICL and others that the proposed link-up with IBM would impede competition which the Government wants to stimulate.

It will also have to weigh the interests of UK electronics companies – which the Government wants BT to promote on world markets – against demand from UK telecommunications users for the most advanced services.

There is concern in parts of Whitehall about BT's longer-term ability to hold its own in a partnership with IBM. The latter has an annual turnover five times bigger than BT and wields formidable commercial power.

The planned joint venture would use IBM's technology and its chief executive would come from IBM. However, BT and IBM emphasize that it would be set up as an arm's length *subsidiary*, free to do business with suppliers and customers of its own choice.

Britain 'risks' losing lead to U.S. in design of airships

BY LYNTON McLAIN

BRITAIN is in danger of losing its lead in airship design and manufacture to the U.S. "unless we get some help for development in the UK," Mr Roger Munk, the chief designer of Airship Industries said yesterday.

The company has made five airships, including one that was delivered to the Japanese Nikko Trading company, the procurement division of Japan Air Lines, on Saturday in the first commercial sale by Airship Industries.

Full certification of the Skyship 500, allowing it to carry fare-paying passengers is expected before the Farnborough Air Show in September.

This success will be put at risk unless substantial help is forthcoming, Mr Munk said. "We need support before some colossus in the U.S., such as Goodyear, which also makes airships, gets its act together."

Airship Industries would like development support for its next generation of Airship, the Skyship 5000, from industry or from the Government. Up to $50m is needed to develop and make a prototype of this airship and get it flying by the end of 1987.

The Skyship 5000 would have the capacity to lift 30 tonnes of cargo or passengers, 10 times the payload of the largest existing Skyship, the 600 series.

So far the company has had help from the Government with a sale and leaseback arrangement. This released £1.25m for the company and involved the government in a direct grant of £150,000.

"Maybe we should be bolder and bid for far more money for all our future plans," said Mr Nicholas Greenwood, the marketing director.

Airship Industries claims to have a world lead in the development, in conjunction with Marconi, part of GEC, of a fibre optic "fly-by-light" control system.

The system is designed to replace mechanical and electronic control systems for aircraft and airships.

Business meets the measure of greatness

Who are the business community's best-dressed people? Which are the 10 most insidious weeds your garden will ever face? Where are the world's best golf courses? Very personal opinions on these and other important questions will be given by FT writers in a summer series, the FT Top Ten, which starts today with an assessment of the world's 10 best-run businesses.

THE FT TOP TEN

"TEN BEST ..."
Big business table

Club Méditerranée
Daimler Benz
Deere & Co
Electrolux
Hewlett-Packard
Honda
IBM
Marks & Spencer
Mars
Olivetti

IF IT had not been for an inedible hamburger at the Alamo and some soggy over-salted french fries near Hampstead Heath in London, McDonald's would have found a place in this list.

It is everbody's idea of a well-run company. But it has blotted its copybook as far as I am concerned, and has been scratched from the running.

To be fair, service companies have a tough time convincing the outsider that they are well run. They can satisfy one of the basic tests of good management by turning in spankingly good profits over a period of many years. But they find it extremely hard to measure up to the other two prime criteria: consistently motivating employees; and always (well, *nearly* always) satisfying their customers.

That is partly why there are so few service enterprises in this catalogue of brilliance. But there is also a more promising reason that, for all the talk of Western manufacturers being decimated by the Japanese invaders, quite a number of production-based companies on both sides of the Atlantic are remarkably well run including their service side.

So who fits the bill? And what about all the other attributes that contribute to good management?

Most obvious of all is IBM, dreaded by its competitors (and many governments), but deeply admired by investors, employees and (most) customers. Then there is Britain's Marks & Spencer, which, in true Japanese style, earns extra points for carefully fostering a body of strong and well run suppliers.

Back in the U.S., but increasingly making a showing abroad, is Deere & Co, the agricultural machinery maker which, in addition to passing the three basic tests, is busy proving that even smokestack companies can earn good money and beat the competition by using state-of-the-art production technology.

The satisfaction of its customers is demonstrated by its rising market shares and remarkably high repeat order rates. Like IBM and several other companies in this list, its employee relations benefit from a deeply rooted sense of what the academics call "shared values".

Still in the U.S., Hewlett-Packard is definitely up there with the greats. It is having to learn some harsh lessons about consumer marketing, but it deserves inclusion on all other counts, plus that of having found an elusive holy grail – how to sustain its entrepreneurial drive while growing to multinational proportions.

Half in the U.S. and half in Europe, but suffering few of the discomforts that such an extended position usually creates, is Electrolux, the Swedish domestic appliances group. By some trick unknown to most corporate predators, it has consistently managed to avoid getting post-acquisition indigestion. It can make takeovers work. And it does – almost by the week.

A different sort of digestive success has always been scored by the Mars group of companies; not only for its world-beating chocolate Mars bar (much loved as an alternative world currency by assiduous readers of the FT), but also for its lesser known pet foods business which is a classic case in brilliant production management.

Digestion, too, has played an important role in the remarkable success of Club Méditerranée, the French-based holiday organisation that over the past 30 years has carved out an entirely new travel market all over the globe.

More solid altogether – but recently showing unexpected flair – is what must surely be West Germany's premier manufacturer: Daimler-Benz. Always an exponent of manufacturing excellence, its entry into the medium-sized car market has uncovered hidden reserves of resourcefulness on the marketing side.

But the top award for big business entrepreneurship – indeed, for downright cheek – goes to Italy's Olivetti. It had confounded the sceptics by achieving a miraculous profits turnround, even before, its biggest coup of all, the new partnership with America's telecommunications goliath, AT&T.

That leaves us, finally, with an inevitable Japanese entry: Honda – not only for exemplifying all the obvious excellence of Japanese manufacturing, but also for the delight of creating untold confusion among Western academics about whether its decimation of the world motorcycle industry was a result of careful strategy or inspired trial and error.

Christopher Lorenz
Management Editor

Tomorrow: The best TV situation comedies of all time.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Bank	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Limited	12½%	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	12 %	Lloyds Bank	12 %
Banco de Bilbao	12 %	Mallinhall Limited	12 %
Bank Hapoalim BM	12 %	Edward Manson & Co.	13 %
BCCI	12 %	Meghraj and Sons Ltd.	12 %
Bank of Ireland	12 %	Midland Bank	12 %
Bank of Cyprus	12 %	■ Morgan Grenfell	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Norwich Gen. Tst	12 %
Beneficial Trust Ltd.	13 %	People's Tst. & Sv. Ltd.	13 %
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson & Co.	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Permn't Trust	12 %	Royal Trust Co. Canada	12 %
Cayzer Ltd.	12 %	■ J Henry Schroder Wagg	12 %
Cedar Holdings	12 %	Standard Chartered	‖12 %
■ Charterhouse Japhet	12 %	Trade Dev. Bank	12 %
Choulartons	12½%	TCB	12 %
Citibank NA	12 %	Trustee Savings Bank	12 %
Citibank Savings	¶12 %	United Bank of Kuwait	12 %
Clydesdale Bank	12 %	United Mizrahi Bank	12 %
C. E. Coates & Co. Ltd.	12½%	Volkskas Limited	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser	12½%		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		

■ Member of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1-month 9.50%. Fixed rate 12 months £2,500 10.75% £10,000, 12 months 11%.
† 7 day deposits on sums of under £10,000 8¾%. £10,000 up to £50,000 9¼%. £50,000 and over 10%.
‡ Call deposits £1,000 and over 8¾%.
‖ 21-day deposits over £1,000 9¼%.
§ Demand deposits 8¾%.
¶ Mortgage base rate.

ENERGY REVIEW

Lean times ahead for Singapore's oil refiners

By Chris Sherwell in Singapore

OVER THE past two years, the growing glut on the world oil market and large increases in refining capacity in both South-East Asia and the Middle East have prompted stark predictions of troubled times for the oil refining business in Singapore, the world's third largest refining centre after Rotterdam and Houston.

As the months have slipped by uneventfully, the gloom has occasionally seemed over-dramatised. Economic growth in the region has remained more buoyant than elsewhere, new refining capacity in Indonesia has taken longer than expected to come on stream, and question marks have arisen over refinery expansions in Thailand and Malaysia.

But the underlying worry persists for good reasons, and oil company executives in Singapore are agreed that some sort of decisive response will soon become necessary.

"The world has caught up with us," says one executive frankly. "Of Singapore's 1m-barrels-a-day refining capacity, probably 600,000 b/d is really needed. The situation is a replica of the U.S. and Europe. Economic logic dictates complete closure of some sites. But it will be easier just to mothball some capacity."

Another, slightly more cautiously, says: "Mothballing will happen; there will be a rationalisation. But the future is filled with uncertainties—over Indonesian refining, Middle East capacity due on stream in the coming two years, Japan's buying policies, and growth prospects in the region."

The most significant early public warning of trouble ahead came in February 1983 from Mr Dick van Hilten, chairman and chief executive of Shell in Singapore, operator of by far the largest refinery in the island state. Citing the prospective new competition, he said the company would have to reduce its own 460,000 b/d capacity, "working towards a core concept of 250,000 b/d with a high degree of conversion and a low yield of fuel oil."

He did not say when the cuts would begin, but recently Shell shut one of its four distilling units for six weeks. Another sign that the crunch is approaching came when Singapore refiners virtually cut each other's throats to win crude processing business from neighbouring Malaysia.

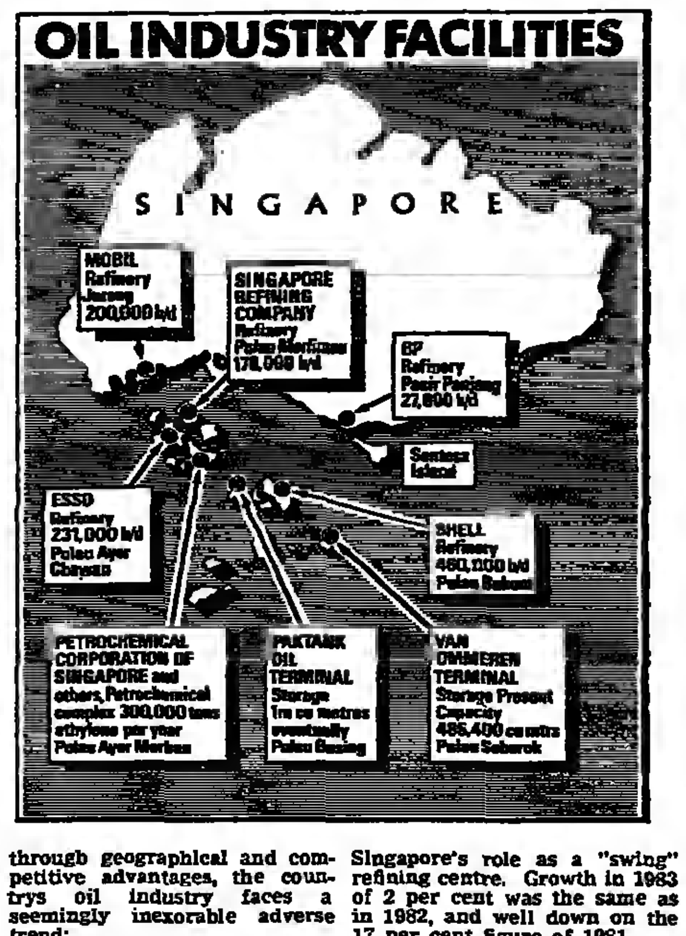
The trend has significant economic implications for Singapore because of oil's large contribution to its key trading and manufacturing activities. Petroleum is the largest commodity it trades (30 per cent of the total by value), and the manufacture of oil products through refining comprises some 40 per cent of the island state's industrial output.

Apart from Shell, there are four refiners: Esso (capacity *231,000 b/d*), *Mobil (200,000* b/d). The Singapore Refining Company (170,000 b/d) and British Petroleum (27,000 b/d). The SRC is a joint venture between the Singapore Petroleum Company (40 per cent), BP (30 per cent) and *Caltex* (30 per cent), and the SPC is itself a joint venture involving a Singapore state bank, Amoco and others.

All five refiners have sought greater flexibility both in the variety of crudes they can process and in the products they *manufacture* through heavy investment in sophisticated capital facilities. Shell has a large hydrocracker, for example, while the SRC has invested in a catalytic reformer and visbreaker and is now building a hydrocracker of its own.

Assessing which refinery is most vulnerable in the current market is difficult—Shell enjoys both advantages and disadvantages in its large size, BP's small refinery is already paid for but old, Esso has gone less distance in modernisation than the SRC or Mobil.

What is clear is that Singapore's uncertainties stem principally from its main role as a "balance refiners" geared to regional needs. It has no oil of its own and a domestic market that absorbs only a small proportion of existing capacity. *Despite* securing a niche through geographical and competitive advantages, the country's oil industry faces a seemingly inexorable adverse trend:



● In 1983 the value of oil traded through Singapore was down 10 per cent on 1982 levels, although volume remained close to the figure of 64m tonnes. The fall reflects the cuts in crude prices by producing countries. The judgment in Singapore is that the market remains soft, and that the *calm* reaction to recent troubles in the Gulf suggests it will continue so.

● On the refining side it is officially acknowledged by the Singapore Government that wide fluctuations in growth must now be expected as surplus capacity intensifies Singapore's role as a "swing" refining centre. Growth in 1983 of 2 per cent was the same as in 1982, and well down on the 17 per cent figure of 1981.

● Capacity utilisation among Singapore refiners, normally a secret, is estimated at 70-80 per cent at present, well below the sort of 90-plus per cent level which helps ensure profitability. As one executive points out: "You can get besotted by volumes. Price is equally important, and at the margins things are very poor right now. Volumes may be better than expected, but you should look at the actual income associated with them."

● At one stage 250,000 b/d of Indonesian crude was being processed in Singapore. Now there is none, and no other source can replace it. Some interesting *new* contracts have been concluded: one, between Shell and Sinochem, the Chinese oil concern, is a one-year contract to process 20,000 b/d of crude, and could offer prospects for the future. But these are small comforts.

The decline in Indonesian business is the result of three Indonesian refinery expansions, all completed in the past year. These double the country's refining capacity to 800,000 b/d and allow it to meet local demand for refined products directly—cutting out a dependence on crude processing deals and product imports involving Singapore.

Fortunately for Singapore, the fall-off in business has been slower *than* expected because of start-up difficulties at the new Indonesian plants, and even now it is not certain they are functioning smoothly. But in time, Indonesia might become an exporter of oil products. How soon depends on the economics of producing crude or products at current prices, and on the impact of recent shake-up at Pertamina, the Indonesian state oil corporation.

● Petronas, the Malaysian state oil concern, recently secured the cheapest possible terms from four Singapore refiners to process some 65,000 b/d under three-year contracts, together with quarterly deals for 15,000 b/d and other arrangements. Originally the business was expected to go to only two refiners, to make the volumes attractive, and for longer terms—perhaps five or seven years. But Petronas encouraged the refiners to cut their prices to win the work. Shell was so outraged that it withdrew from the negotiations altogether.

● In Malaysia itself, domestic pressure persists for a go-ahead on a shelved refinery project on Malacca. In Thailand, a refinery expansion for which contracts were awarded in 1982 will go ahead if financing problems can be resolved. A new small refinery at Shell's operations in Brunei came onstream last year. Even if *delays* on the others give Singapore a breather, the signs are unmistakeable.

● In the Middle East—notably Saudi Arabia and Kuwait—it is estimated that up to 1½m b/d could be available for *export* in the next two to three years as a result of new refinery projects. The actual figure will depend on capacity utilisation. In Singapore it is reckoned to be "inevitable" that some finds its way to the Far East, though much *depends on the state of* European market and on pricing. The refineries will work on cheap gas, giving them an advantage, but the oil companies involved and countries like Indonesia will not want to see their own business severely *damaged*.

● Another important uncertainty for Singapore concerns Japanese purchasing policy. At present the policy is to meet domestic demand for oil products principally through the output of local refineries processing imported crude. But there has been talk of buying more oil products directly, which in some cases might even be cheaper. Should this happen, it would markedly affect the prospects for Singapore's refineries—and the new Middle East plants.

This grey overall picture might change in the event of a genuine crisis in the Gulf, an economic recovery in Europe or the utter failure of conservation and alternative energy policies. Singapore's refineries, like their counterparts elsewhere, are meanwhile learning to adjust and adapt to life without profitable processing deals. That means learning to be more clever at altering production to meet demand, and using a well-honed efficiency and advantageous location to maintain competitiveness and exploit market opportunities.

"Singapore is not finished as an oil refining centre," says one executive. "But there is no easy living to be made out of refining. It will still be big business. But it will be smaller and leaner."

UK NEWS

MacGregor leaves next peace move to NUM

BY OUR INDUSTRIAL STAFF

MR IAN MACGREGOR, chairman of the National Coal Board (NCB), has told his senior managers that he will make no further move towards the National Union of Mineworkers (NUM) in an attempt to break the deadlock in the coal dispute.

Mr MacGregor told a meeting of NCB directors and senior officials in Edinburgh that any fresh initiative aimed at solving the dispute, now in its 21st week, would have to be made by the NUM.

In South Wales yesterday local leaders of the NUM were discussing the implications of their refusal to pay a £50,000 fine imposed by a High Court judge on Monday for contempt of court.

The fine was imposed because the union had breached an earlier order banning the unlawful picketing of two haulage companies carrying coal and coke from the Port Talbot steelworks in South Wales.

Mr Justice Park said writs for the sequestration of the NUM assets would be issued today unless the union paid the fine.

It was not clear whether the South Wales NUM's entire assets of nearly £3m would be seized, or just sufficient to cover the fine, costs and legal expenses.

A statement from the NUM leadership in Wales said it would carry out Trades Union Congress and NUM decisions not to co-operate with the Government's industrial relations laws.

Mr Arthur Scargill, president of the NUM, said any moves to seize the unions funds would be resisted. He predicted a conflict with the courts "probably this week" over the imposition of the fine.

Substantial sums owned by the union are believed to have been sent abroad, but commissioners acting to recover monies would have powers to instruct foreign banks to return assets, provided accounts could be traced.

It also emerged yesterday that compensation due to be paid by the Government to Lazard Freres, the New York investment bank, for releasing Mr MacGregor to run the British Steel Corporation – the post he held before taking over at the NCB – appears to have been delayed.

Compensation due to Lazard Freres is worth up to £1.8m and was negotiated when the Government appointed him as chairman of British Steel.

An initial payment of £675,000 has already been made, but a further tranche, worth a maximum of £700,000 based on the performance of British Steel under his stewardship, should at least have been determined by now.

An official at the Department of Trade and Industry, said yesterday that a committee set up to review Mr MacGregor's performance at British Steel had not yet done so.

Robin Reeves writes: The defiant reaction of South Wales miners' leaders to the £50,000 fine and threat of sequestration of assets was hardly surprising to anybody who knows anything of the history of the South Wales miners.

Mr Emlyn Williams, the union's president in Wales; Mr Terry Thomas, vice-president; and Mr George Rees, general secretary; are the three leaders named in the contempt of court order. They are proud heirs to a tradition of militant leadership to defend trade union and working class interests, stretching back to the foundation of the South Wales Miners Federation at the end of the last century.

It was being said yesterday that contingency plans to try to counter trade union legislation was sketched out among trade union leaders in Wales 18 months ago.

Commodity firm accused of conspiracy to defraud

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CITY of London commodity company dealing in strategic metals was alleged by the Secretary of State for Trade and Industry to have been involved in a conspiracy to defraud its customers in the U.S., a High Court judge in London said yesterday.

Sir Robert Megarry, the vice-chancellor, said that in a petition due to come before the court, the Trade Secretary sought to have Highfield Commodities compulsorily wound up "in the public interest."

It would be "very surprising" if such an order were not made, the judge said.

He said that Highfield employed agents in the U.S. to obtain customers who wished to buy or speculate in metals such as nickel, cobalt or titanium, which were important in the manufacture of armaments.

The Trade Secretary alleged a conspiracy between Highfield and its agents to defraud customers in the U.S. of the greater part of the money they paid Highfield applied to the court for the discharge of the Official Receiver, who had been appointed provisional liquidator of the company pending the hearing of the petition.

Alternatively, it asked that the liquidator be discharged unless the Trade Secretary gave an undertaking to pay damages if his case against the company failed.

Sir Robert said that the Trade Secretary was acting to enforce the law. The mischief of a fraudulent company was likely to be more effectively dealt with by winding it up than by leaving it in existence and relying on prosecuting those who had taken part in any criminality.

The judge said that Highfield had had plenty of time to put forward explanations and contentions to meet the Trade Secretary's allegations but had not done so.

Sir Robert could not believe that, if the company had been carrying on an honest business and been unjustly accused, it could not have put forward far better explanations than it had.

Many complaints had been made to the company by customers in the U.S. but little had been done

Airlines may be allowed to bid for runway 'slots'

BY MICHAEL DONNE AEROSPACE CORRESPONDENT

THE POSSIBILITY of airlines being allowed to bid by auction for take-off and landing "slots" at London's Heathrow Airport if congestion there gets worse in the years ahead was raised in a consultation document issued yesterday.

The Department of Transport is calling for the views of airlines and other interested bodies on ways and means of controlling the growth of airline traffic at Heathrow, and in particular on whether the currently planned limit of 275,000 transport aircraft movements a year at that airport should be revised upwards or abolished.

The proposed limit of 275,000 movements, to become effective late next year when the new Terminal Four opens at Heathrow, was first mooted as far back as 1979.

Since then traffic at the airport has grown consistently and the 275,000 limit may well be reached, if not even exceeded, this year. In the airlines' view it will certainly be exceeded next year.

This will mean that from late 1985, if the limit is retained, some airlines will be obliged to quit Heathrow for Gatwick or Stansted unless the Government changes its mind.

The strong feelings this situation has created in the air transport industry have led the Government to issue its consulation paper to get as many views as possible before deciding. Airport users' views are required in writing by October 19.

Thatcher rounds on Kinnock over miners

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER, the Prime Minister, yesterday routed a Labour attack on the Government's economic and industrial policy and totally overshadowed Mr Neil Kinnock, the leader of the Labour Opposition, in their first major confrontation in a Commons debate.

Conservative backbenchers were on their feet waving order papers and cheering for the first time since the general election after the Prime Minister ended her 52 minute speech with a ferocious attack on Mr Kinnock's views on the miners' dispute.

Mr Kinnock, she said, "leads a party which condemns violence in general, but supports the mass picketing which inevitably ends in violence. He leads a party which has allied itself to the wreckers against the workers. There is only one word to describe his policy when faced with threats whether from home or abroad and that word is appeasement."

Mrs Thatcher also skillfully drew Mr Tony Benn into the debate in a series of exchanges about the closure of pits on economic grounds, the key point in the current dispute, when he was Energy Secretary from 1975-1979. The Prime Minister quoted with relish his earlier statements. Mr Benn argued that his approach had been based on agreement with the National Union of Mineworkers about pit closures which, he claimed, had been breached with the proposed closure of Cortonwood in Yorkshire, thus prompting the current strike.

The Prime Minister's aim was clearly in part to elevate Mr Benn's position within the Labour Party, at least in the public's view of the debate, and thus to reduce Mr Kinnock's standing.

Neither Mrs Thatcher nor Mr Kinnock revealed any new policies. The Prime Minister reiterated her belief that the current NUM offer was generous, while Mr Kinnock accused Mrs Thatcher of "further prolonging and further embittering the dispute." He said that for the sake of her country she should go now.

Mrs Thatcher undoubtedly gained most from the debate, putting recent problems and rows behind her and boosting the morale of Tory backbenchers as they start the long summer parliamentary recess later today.

Heseltine names posts in defence reshuffle

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

MR MICHAEL HESELTINE, the Defence Secretary, has approved nearly 30 appointments to the senior military and civilian staff expected to run the reorganised Ministry of Defence.

The appointments range from the key Vice-Chief of Defence Staff, who will have charge of the newly created combined defence staff in the Ministry, to jobs in the new Office of Management and Budget (OMB).

It is believed to be at least 20 years since so many appointments have been made at one time in the Ministry. The last time the top management was reorganised on such a scale was in 1964.

Mr Heseltine's reorganisation, detailed in a White Paper (policy document) on July 18, is to become effective on January 2 1985. It is intended to increase central control of military strategy, policy and financial resources. It will diminish the power of the chiefs of the army, navy and airforce.

In overall charge of the ministry, directly responsible to the minister, will be the Chief of Defence Staff and the Permanent Under Secretary. Field Marshall Sir Edwin Bramall and Sir Clive Whitmore will remain in those posts.

Mr Heseltine's choice for the critical post of Vice-Chief of the Defence Staff is Air Marshall Sir Peter Harding, an officer whom Mr Heseltine is said to admire for his vigour, leadership abilities and lack of stuffiness.

Rear Admiral Sir John "Sandy" Woodward, the Falklands task force commander, is one of four Deputy Chiefs of Defence Staff. He will be in charge of deployments and other defence commitments. The others are Air Marshall Sir Donald Hall, in charge of matters relating to defence procurement; Mr D. A. Nicholls, recently an Assistant Secretary General of Nato; and Major Gen John Chapple (personnel).

Air Marshall Harding's "opposite number" on the civilian side will be Mr John Blelloch, who becomes second permanent secretary in overall charge of the Office of Management and Budget.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

MS International

A dive into the dark

Michael Bell: grown tremendously —but at a cost

Mining Supplies found fame with coal-cutting machinery (right), but diversification was traumatic. Terry Garrett reports

WHEN Mining Supplies won control of Laurence Scott in 1980 after a hard fought £6m bid battle, it looked as if the Doncaster company had pulled off quite a coup. Although Laurence Scott was fairly sick, to judge by its trading performance, it had £18m of assets and a first-class reputation for its electric motors. Yet the euphoria which surrounded an apparent bargain basement deal quickly evaporated. The victors were soon fighting another battle—for the Norwich company's survival.

It soon emerged that Mining Supplies had paid £6m for a company that was in danger of bleeding to death. Michael Bell, now chief executive of the renamed MS International recalls: "We weren't even thinking of 30 days ahead. The important thing was to go home that night with the company still intact. We were trying to get some spikes in our shoes to stop it sliding for ever and a day."

Initially the bid had looked to all the world like another case of a successfully managed company launching an opportunistic attack on an intrinsically sound business which had hit upon temporary hard times. But it transpired that the abilities which had enabled Arthur Snipe to make such a success of Mining Supplies—which he founded—were not so suitable for making diversified acquisitions.

"It took a little time to piece together all the problems" continues Bell, "but it soon became obvious that too many people were employed in too many sites for the amount of turnover. It had gone through a period where the attitude was like the British trading in India. Business had been on a plate for years, the product was first-rate but the technical people were striving for ultimate quality instead of keeping a commercial eye on the job and watching market conditions."

The leap for growth by acquisition had proved to be an ill-judged dive into the dark. After painful reorganisation, involving a halving of Laurence Scott's workforce, and years of losses (pre and post the take-over) which depressed the whole group and left substantial debts to the bank, only now is MS International emerging from its ordeal.

With hindsight MS made classic blunders of badly misjudging the target, perhaps through insufficient homework, and being far too ambitious in selecting its first major attempt at diversifying by acquisition. And yet it is easy to see how the Doncaster men were lured into the trap of believing that they could pounce on Laurence Scott at the nadir of its fortunes and, with a more aggressive management approach, produce a return that would have made the £6m price tag look a steal.

In an industry dominated by the big battalions of the likes of GEC and Hawker Siddeley, Norwich-based LS had held its own thanks to its reputation for high standards in electric motor production. For the most part eschewing mass production motors, the group's speciality was "limited edition" orders —the sort of mammoth power houses the CEGB could bolt into a station and forget about for a couple of decades.

From its early days LS also enjoyed a strong maritime tradition which had evolved into a fair amount of Ministry of Defence work, particularly for the Navy for power generating equipment.

For 100 years LS had sat in isolated Norwich enjoying relative prosperity. Yet the major power station building programme of the 1960s and early 1970s had passed, the North Sea oil equipment boom had come and gone while orders from former leading customers such as British Steel had faded.

The strong hope was that the company would be able to hitch its wagon to the AGR nuclear power programme and transform its ailing trading pattern. Meanwhile the management was feeding shareholders an unappetising diet of losses. In 1978-79 there was a fall of £3.4m into losses of £1.35m, next year the loss was £1.87m and in the first five months of 1980-81 there was a further £1.7m deficit. Within three years bank borrowings had soared from £17,000 to nearly £51m. The share price in early 1980 valued the company at less than £4¼m.

By contrast MS was a fast moving relative stripling, barely 20 years old. Arthur Snipe had formed the company to exploit a conveyor system he had developed for the mining industry and had gone public in 1965. By the late 1970s MS had captured about as much of the domestic market as possible and had already established manufacturing toe-holds in other major mining markets in the U.S., South Africa and Australia. Profits were climbing and the share price was moving in tandem. The management was clearly tempted to shoot for something more than purely organic growth.

At the time there were two main arguments for going after the troubled electrical motors group — diversification and the need to protect supplies. The Norwich company was a supplier of motors for MS's mining equipment and had done a lot of design work on a specialist flameproof motor on a specialist long wall sheering system.

In truth protecting supplies was of secondary importance. Bell, chief executive since Snipe's departure in 1983 (he still owns almost two-fifths of the equity), explains the management's thinking at the time. "The company was becoming reasonably cash rich and it was thought there was a need for diversification. At that time something like 80 per cent of group activity was related to the National Coal Board and the NCB has always been regarded as something of a political football in the way that business can go up and down."

Mining Supplies had hoped that the second tier management at LS was capable of picking up the baton after the board there had departed following the takeover and running the course on a day-to-day basis. But there had simply been too great a gap between them and the board, a problem severely aggravated by the departure of the finance director and his senior colleagues. In management terms MS had acquired a headless body.

MS did have one piece of luck —it owned a five seater aeroplane. That was kept busy buzzing backwards and forwards to Norwich each and every day ferrying teams of managers, technicians, planners, engineers, computer programmers and accountants. Some stayed hours and some stayed weeks in an attempt to plug the holes rapidly showing through in LS's fabric. Not surprisingly it was then that the MS management team came under its greatest pressure. The marriage break-ups and rapidly greying hair were really noticeable then, according to Bell. But it was not just management problems that confronted the new owners.

In an attempt to utilise its overcapacity and keep the banks at bay, LS had filled the place up with work at prices below factory cost hoping to bridge the gap until the AGR contract could be landed. The company had become uncompetitive and overborrowed.

"The company was very vulnerable to the banks pulling the rug and a total shutdown" according to Bell. The MS men devised a plan for survival which was actually a three-pronged attack—to rationalise both the labour force and the factories, to halt the practice of selling below cost and to reinvest in capital equipment to replace some machines that would have been more at home in a museum.

The main works in Norwich was operating way below capacity and it was decided that the first step would be quickly to contract the company back to its home base and axe limbs that had grown over the years. So Manchester, which had been losing money for some time, closed with the loss of 650 jobs. A redundancy programme was also started in Norwich.

It all went as well as could be expected; everyone was paid off at the Manchester factory. Then an almighty spanner hit the works. Manchester became a focus point of a "right to work" campaign. The place was surrounded by protestors locking in plant, parts and vital technical drawings for ten months.

That upset caused LS to lose a considerable amount of turnover to the National Coal Board (later regained) and the salesmen were desperately trying to hold to as many orders elsewhere as possible. Not surprisingly the opposition was making the most out of the Norwich company's predicament. Thankfully the order book held up reasonably well, though it was impossible to avoid much of it continuing to be pitched below factory cost.

The crunch point came when LS's new masters called "enough" to the downward price spiral. The problem with that was that LS was not working in isolation, the whole sector was more or less tied to the same pricing structure and although competitive prices eventually stabilised LS found itself with a gap in its workload twelve to eighteen months later. The pressure was on again for another programme of rationalisation and redundancies.

This was set in train last year and a few months ago the large Thorpe Road factory in Norwich closed its doors.

Meanwhile the original mining equipment business was also suffering from a decreasing level of demand from the NCB, and Doncaster too was having its share of redundancies—the first in its history—cutting the 1,500 workforce by around a quarter.

Today, with the AGR contract safely in its pocket, survival has been achieved but the level of borrowing remains a management headache. Group debt is roughly equal to shareholders' funds and though eventual disposal of Thorpe Road and the Sacre Manchester site will make some inroads into borrowings some capital raising exercise is probably on the agenda when the group has proved itself.

That event might still be some time off. The group is only just putting its head above the parapet. In the half year to October last MS International returned to the black with profits of £819,000—the first profit since the takeover—and for the year it might make around £1.75m pre-tax, a turnround of £3.5m against the losses to April 1983 but still a far cry from the levels of profitability before the Norwich purchase.

Accumulated losses and asset write-downs at Laurence Scott have whittled away the £18m of assets MS bought for £6m to just £7m. The bidder did not get the bargain hoped for.

So was it all worth it? Bell is adamant. "Four years on we have a diversified group with a turnover of £65m. If we had stayed as we were we would still only have had £30m. We have grown tremendously — but we have had the cost of doing it."

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Evidence re contract

I am about to become involved in litigation and will be pleased if you will kindly advise me. The case has arisen because the firm for whom I acted as agent is refusing part of our written agreement. This agreement specified that a reduced rate of commission will be paid in the event of trading with a multiple firm where special discounts might have to be given. They allege that at the time of this occurrence they advised me verbally that because they had agreed to supply this firm at greatly reduced prices they would not be paying any commission at all. I dispute that they told me this; they have declined to answer further questions. This event took place almost five years ago and it was only at the end of 1982 that I learned that they were supplying this particular firm with goods contrary to our agreement. I now quote from Cheshire and Fifoots Law of Contract 9th Ed Contents of Contract, Express Terms Section 1A Page 117. "It is firmly established as a rule of law that parol evidence cannot be admitted to add to, vary, or contradict a deed or other instrument." Does the foregoing apply in my case?

The passage you refer to is introduced by the statement that the parties may not adduce evidence to show that their intention is misstated in the document. This rule does not preclude evidence of a collateral, oral, contract, or that the contract is partly oral and partly written—see the last few paragraphs of Section 1 of the chapter you refer to (note there is a 10th Edition of Cheshire and Fifoot).

Roll-over gain

I am selling my shares in our family company which runs a number of retail outlets. I also have five other shops in my own name which I acquired last year. They are engaged in exactly the same business as the company shops. The question is, can I roll-over the gain from the sale of my shares into the other trading assets?

Unfortunately the answer is no. It looks as though the amount of tax at stake justifies the expense of local professional advice.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Business courses

Software Tools for Distributed Decision Support Systems, London. September 10-11. Fee: £390. Details from Miss Lorraine Johns, Registrar, Software Tools Conference, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-262 5050 ext 369.

Financial Modelling, Puddle Dock. September 13. Fee: £130. Details from Mrs P. D. Austin, Management Training Administrator, Peat Marwick Mitchell & Co, 1 Puddle Dock, Blackfriars, London EC4V 3PD. Tel: 01-236 8000.

The ninth annual design management conference, Boston. September 16-20. Fee: $1,020; DMI Corporate Members $896. Details from Design Management Institute, Massachusetts College of Art, 621 Huntington Avenue, Boston, MA 02115. Tel: 617-232-4496.

Job evaluation: the settling of differentials, Uxbridge. September 26-28. Fee: £375. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH.

Business information, London. October 1-3. Fee: £170; Aslib Members £140. Details from Joanna Hopkins, Courses Organiser, Aslib (The Association for Information Management), 3 Belgrave Square, London SW1X 8PL. Tel: 01-235 5050. Telex 23667.

Strategic planning and financial decision-making, Oxford. September 5-7. Fee: Members and registered students £340 + VAT; non-members £380 + VAT. Details from the Post Qualifying Education Department, The Institute of Cost and Management Accountants, 63 Portland Place, London W1N 4AB. Tel: 01-637 2311.

Accounts receivable management and collection: domestic and international credit management, Brussels. October 3-5. Fee: Non-members BFr 49,000; Members BFr 44,000. Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels. Tel: 32/2/516.19.11. Telex: 21.917.

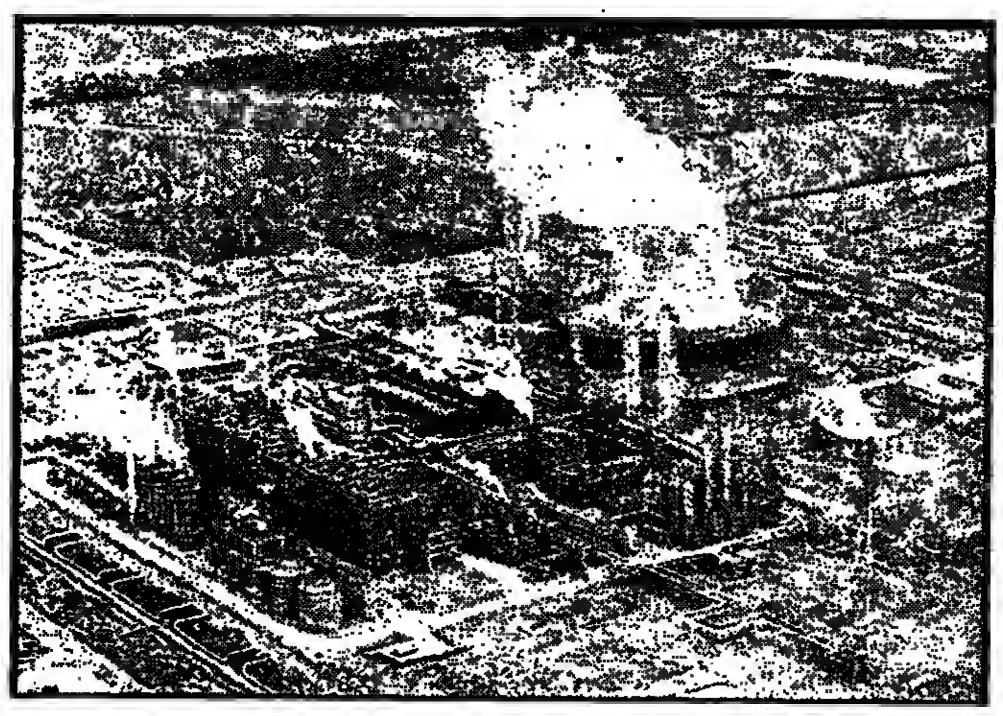
TECHNOLOGY

EDITED BY ALAN CANE

UMIST MAKES MORE EFFICIENT USE OF PROCESS HEAT FLOWS

Integrated design saves energy

BY NICK GARNETT



The University of Manchester Institute of Science and Technology says that typical payback times for energy projects in process plant and design can be as little as six months

THE DESIGN of industrial processing plant to achieve the best utilisation of energy and make the optimum use of capital expenditure by lowering building costs could soon be taking another step forward.

Six major international companies are jointly contributing £200,000 to the University of Manchester Institute of Science and Technology (UMIST) to extend research into process plant design.

Fifty chemical and other process plants throughout the world have already benefited during the past two years from retrofit modifications or newly designed complete plant units that derive from the work of Professor Bodo Linnhoff in UMIST's chemical engineering department.

This method of plant design is based on improved harnessing of heat flows through more efficient use of heat exchangers, piping, distillation columns (separators), dryers, pumps, boilers and other equipment.

Industries which can benefit from better application of heat recovery networks within their own processes include petrochemicals, general chemicals, fibre and fertilisation production. It can also be applied in food manufacturing, whisky distilling, breweries, dairies and even power stations.

The method has already led to some very large, verifiable reductions in energy costs.

Typical savings have been of the order of 50 per cent of electricity and fossil fuel bills and "accidental" but substantial capital investment savings on new plant of up to a quarter.

> Typical savings have been in order of 50 per cent of electricity and fossil fuel bills.

Some plants have been able to save as much as 80 per cent of their projected expenditure on fuel. Given the high cost of fuelling even relatively small processing sites, this can add up to very large sums of money.

The total yearly energy cost of running one ethylene unit can total £30m and several hundred million for a complete petro-chemical site. Even a one site distillery or a medium-sized margarine factory might have to spend £1.5m to £2m on their energy bill and a family dairy perhaps £200,000.

The six companies funding the latest research are Procter and Gamble, BASF and BP as well as Norsk Hydro, Exxon and Union Carbide.

A paper partly written by the latter company, which has applied Professor Linnhoff's work on heat exchanger network design to nine installations in West Virginia and the U.S. gulf coast, says all these projects have been successful.

Previous work by Professor Linnhoff and in-house company design teams has been targeted principally towards lowering energy costs. The latest chunk of research funding, which is spread over three years will extend the principle of using design methodology to produce more integrated plant.

Emphasis now will be on lowering plant build costs, improving plant operating flexibility for different weather and load conditions and tackling the direct costs of power generation rather than just recovering heat already generated in the process plant.

Operational inflexibility frequently costs process industries a lot of money. Throttling back production for whatever reason can steeply force up the cost per tonne of the final product. Vagaries in temperature often prove to be a financial headache, particularly if rooling arrangements become increasingly difficult. A 10 degree change in feedstock temperature can cost millions over a long period.

> A 10 degree change in foodstock temperature can cost millions over a long period

Union Carbide is one such company. In one of its bulk chemical plants, modifications to the heat recovery network involved the installation of two new heat exchangers but the removal fo three existing ones, and the introduction of an extra feedstream to one of the distillation columns. Energy usage per hour fell from 133m BTU to 96.5m.

Shell, Whitbread, Longjohn and Ectona are examples of British companies which have used the consultancy agency, Linnhoff March, set up in liaison with UMIST. Professor Linnhoff says though that these retrofits already completed have had typical payback times of six months or less as against general industrial expectations on new investment of 12 to 24 months payback.

Why Logo is logical for expert systems

Professional Personal Computing

LOGO IS a computer language which was developed because of its possibilities in educating young children about computers. Now it is poised to make an impact in the commercial world of personal professional computing.

Its commercial and industrial potential in the field of knowledge processing and expert systems.

First, some history. The origins of Logo come from the Massachusetts Institute of Science and Technology. It is derived from another programming language called LISP. Its advocates say that it is a much simpler and more natural language to learn than the very popular Basic language which is used with most home computers.

The reason for this is that it assumes no previous knowledge of mathematical concepts such as arrays or geometry. For example, the only geometry one needs to know to describe a rectangla is forwards, right backwards and left. Mr Paul Bailey, European vice-president of Digital Research one of the main promoters of Logo, describes writing Logo programmes as "doodling."

"Any one who can understand distance and direction can understand the graphics." Mr Bailey explained. Similarly text is structured using natural languaee. In particular, it has great flexibility in the bandling and manipulation of database information.

With little programming knowledee, a user can order lists of information in any way be or sbe likes. Data could be ordered character hy character, word by word or list hy list. It has many of tbe building blecks of a program as a simple instruction.

Mr Bailey said that it can take only one hour for a complete beginner to write a simple program in Logo compared with about eight for Basic. Hence its success in education.

It is available on many home computers including ACT's education version of the Apricot, the FIE, Apple Computers, Commodore 64, Sinclair models, Armstrad's CPc464 and Tatum's Einstein.

Three companies, all U.S. based, bave been responsible for the development of Logo-Digital Research, LCSI and Terrapin Krell. Digital Research's derivative of Logo, called Dr Logo, has alone, aold more than 500,000 copies.

Dr Logo is likely to he one version which is destined to go up market. Digital Research has added more features. For example, it is possible to have split screen working so that someone developing a program can list instructions and see the effect of the execution of those instructions on another part of the acreen.

It has been available on the IBM personal computer since April 1983 and can, therefore, be run on this machine's many clones. Througo original equipment manufacturers, OEMs, Dr Logo can be run on any computer which has the Intel 8086 microprocessors as its beart. In a smaller memory system (64k) a more limited version runs with Z80 and Intel 8080 microprocessors. In the pipeline are 6502 and 68000 versions.

The IBM PC was among the first professional machines to adopt Dr Logo. Mr Bailey admits that the "professional market is still in its infancy." He predicts that next year will ahow a far greater interest in Dr Logo's potential for knowledge processing.

Philips for example, has committed itself to Dr Logo for its P2000 computer as has Olivetti with its M21 and M23 machines, both of which come into the husiness arena.

One of the first concrete industrial applications for Dr Logo is as a videodisc control. In the U.S. a system run with the Commodore 64 can access data from a videodisc is now available. Because of the computer language's very flexible way of extracting information, it is ideal for taking data from a videodisc which can store up to 54,000 frames per side.

The videodiac, though not successful to date aa a consumer item, is tipped to have a future as a computer peripheral for personal computer systems. Mr Bailey forecasts that this will happen in 1985.

Education will play a role in this development. Mr Bailey admits that it will also continue to be important in the future acceptance of Logo. However, next year, Digital Research believes that Logo will take 15 per cent of the market niche normally taken by the Basic language.

ELAINE WILLIAMS

Macintosh: 'top of the pops'

APPLE COMPUTER'S new "Macintosh," launched earlier this year, is an "unbeataole buy." according to Which Computer magazine which has been testing 10 popular personal computers.

It looked at stand-alone computers only: "a manager's personal desk productivity tool, which can organise his diary, his personal accounts, and in general make it a paperless desk."

Second in its list of machinea offering the best value for money waa the "Apricot," designed and supplied by ACT of the UK, and third, the IBM PC.

Of the £2,180 Macintosh, the magazine says: "It offers a phenomenal design, speedy performance, outstanding software, the world's aecond most stable supplier and an ingenious design for some £1,000 less than many inferior systems."

The Apricot (£2,295) it found to be excellent value for money: "For a rock bottom price you get a lot of better-than-standard features for your money. Generous fast memory, built-in liquid crystal display, high resolution display and a more attractive design than the IBM PC."

Nevertheless, considering the consistent abuae the IBM PC (£2,511) has had to take since its launch, it did well to come third (the fact that it is the world's most successful professional personal computer is unrelated to the fact that most computer experts regard it as slow, expensive and cumbersome). The magazines notes: "The IBM PC offers less for money than practically any other personal computer."

Behind the gold, silver and bronze awards came, in order, the Apple IIe, the NCR Decision Mate V, Hewlett Packard HP150, DEC Rainbow, ACT Sirius, Olivetti M20 and the Wang Professional.

ALAN CANE

Marine

Folding dinghies

SIR Ranulph Fiennes used two folding dinghies during the Trans-Globe Expedition. One was put to work in rescuing lost equipment in the Antarctic.

The boat is the invention of Robert Gault who has now succeeded in bringing the dinghy to commercial production. The boat is folded from one pre-creased sheet of extruded polypropylene. This is made by the plastics group at Courtaulds Chemicals and Plastics using polymer made by Shell Chemicals.

The hull of the boat when folded and flat, can be stored along with oars and fittings into a bag only 66 inches long and 12 inches in diameter. It weighs 25 kg.

The DB 100 models can carry two adults and two children, luggage and an outboard motor. Until now the boat has only been available in limited quantities. Now Robert Gault is working on a folding canoe.

More information from Courtaulds in London on 01-580 8501.

Communications

Satellite receivers

A COMPACT satellite television receiver has been introduced by Marconi Communication Systems, Chelmsford. Called the P3480, it is designed for reception of the new European satellite television transmissions beamed from satellites such as the European Communications Satellite and Intelsat.

The receiver is intended for professional users such as broadcasting organisations, hotels, conference centres, military bases and offshore installations. More details from Marconi on 0245 353221.

THE ARTS

Siegfried in San Francisco

Andrew Porter reports on the progress of an American Ring

The San Francisco Opera embarked on a new *Ring* last summer, with *Das Rheingold* and *Die Walküre*, and this year put on *Siegfried*; the full cycle is due next summer. Terry McEwen, the director of the company, announced a return to romance and colour and picturesqueness, and to the feeling for Nature that runs through Wagner's score. The producer is Nikolaus Lehnhoff (who worked with Wieland on the 1965 Bayreuth *Ring*) the designer John Conklin, and the conductor Edo de Waart. The casting has mingled experienced Wagnerians with accomplished newcomers.

Caspar David Friedrich and occasionally Boecklin provide inspiration for the landscapes, and Schinkel inspires the architecture. Good choices: this is the most handsome of contemporary *Rings*. But the light, elegant classical costumes sported by the gods in the first two operas made a slightly frivolous, an almost Offenbachian, impression. And Lehnhoff had taken over a good deal of modish nonsense from other modern, non-mythical, non-Wagnerian *Rings*: Loge as a sharp, smart lawyer, *FT* or *Wall Street Journal* in hand; Hunding returning home accompanied by henchmen; a kittenish Brünnhilde; Wotan not quite but as-it-were puffing a cigar while he holds forth to his daughter.

Siegfried, this year, is quite different. It's an unquirky but not at all unimaginative presentation. Lehnhoff has shown himself readier to think for himself, along Wagnerian lines; and he is a bold, intelligent producer, with a feeling for precise, revealing details of behaviour and an eye for striking, eloquent imagery. Mime has made of his cave a kind of mini-Nibelheim, with a traditional forge and various devices that give testimony of his skill and ingenuity. (When he reminds Siegfried of the toys he once made to beguile his youth, he pulls out a cuddly black bear on wheels.) Act II is after Friedrich (Caspar David, not Götz), and beautiful. Act III opens on the terrace where in *Rheingold* the gods assembled, now a brambled romantic ruin; and in the final scene the tree sheltering Brünnhilde's long sleep has grown, and there are drifts of leaves about.

René Kollo as Siegfried and Eva Marton as Brünnhilde

René Kollo seemed to me just about the best of current Siegfrieds. He did the role (but not in *Götterdämmerung*) in the early years of the Chéreau *Ring*. Like Windgassen, he's not "heroic" of voice (I don't suppose Jean de Reszke was either), but he was always audible and unforced, and without the thick, prosaic timbre of the beefier exponents. Eva Marton sang her first Brünnhilde. I find her voice rather ordinary, except in its volume; but volume is one good starting-point for a Brünnhilde. (Sometimes she overdid it, pushing notes that should have a steady shine until they wobbled.) It was a plain but promising performance, with a tender "Ewig war ich."

Thomas Stewart, who seemed to be a "modern" Wotan in the days of Hans Hotter, now brought to this performance an air of old, high Wagnerian breeding. For the years go by—Stewart first sang at Bayreuth 24 years ago—and even Wieland's productions once deemed iconoclastic are now fondly remembered as "classics." Stewart was moving, authoritative. Helga Dernesch sang her first Erda, with all the intensity and vividness of words which make her performances indelible. Francis Egerton was a trim, precise Mime; and Stanley Wexler, though his voice tired in the quarrel with his brother, was a vivid Alberich.

Reservations about the conducting. Edo de Waart is careful, scrupulous. The playing was well rehearsed and carefully balanced. But there was little of what one might call "inspiration"—the sense that the music, singers and players together, has taken on a life of its own. One remains conscious of Mr de Waart beating four. Nevertheless, this is one of the important *Rings* of our day; and if Lehnhoff brings *Rheingold* and *Walküre* into focus with *Siegfried*, and crowns things with a noble *Götterdämmerung*, it might well prove to be the most rewarding of them all.

Book review

B. A. Young

Mrs Pat: The Life of Mrs Patrick Campbell.
by Margot Peters, Bodley Head, £15, 531 pages

You think at once of Mrs Tanqueray. Then of Eliza Doolittle—a quarter of a century later. And what between? In fact, Mrs Patrick Campbell had played all the appropriate Shakespearean roles, for Ben Greet or Forbes-Robertson, but she became a famous actress on her own terms, often in parts that hardly sound like historic contributions to the theatre—Robert Hitchens's Bella Donna, Militza in *For the Crown*, the notorious Mrs Ebbsmith, Clara Sang in *Beyond Human Power*, Sudermann's Magda, Maeterlinck's Melisande opposite Sarah Bernardt's Pelléas.

She played other roles too, Electra, Lady Windermere, Hedda Gabler and so on, but she seems never to have distinguished the different artistic values. All her life she was a kind of transcendent amateur, even when she was working to pay her extravagant bills. She chose her friends, or they chose her, from the aristocracy, and her acting principle was to display her own personality. Often she amused herself by playing the fool on stage, so other players disliked working with her. Fortunately, what she wanted to give was what the audiences wanted to see.

Beatrice Rose Stella was the daughter of John Tanner (a Shavian pre-echo!), a prosperous arms-dealer in India who lost his fortune and tried vainly to make another in America. Her runaway marriage to Patrick Campbell (he was 20, she was 19 *and pregnant*) was short; he emigrated to the Colonies, returned unsuccessful and was killed in the Boer War.

Her second marriage in 1914, to George Cornwallis-West, the divorced second husband of Winston Churchill's mother, was not serious, but lasted to the end of her life because she refused him a divorce. She spoiled her son and cooled towards her daughter over her marriage.

There are pages and pages of splendid photographs that show her great beauty as a young woman, give a slight idea of how she looked on the stage (a really alarming pose from *Electra*) and hint at her final image, the plump old woman with the Pekinese dog that ate from her own dishes.

Contemporary music covers the country

It is 13th season the Arts Council's Contemporary Music Network will present 80 concerts in 10 tours to 26 towns in England. For the first time the council has commissioned a work from a Soviet composer. Edison Denisov is writing a work for the tour by Music and Revolution in December. Other highlights of the season include the much acclaimed production of Harrison Birtwistle's *Punch and Judy*, and the first visit to this country by the progressive Dutch group De Volharding.

United Jazz and Rock Ensemble, who begin the season at South Hill Park Arts Centre, Bracknell, on October 9, include some of the biggest names in jazz and rock from Europe: Eberhard Weber, Albert Mangelsdorff, Charlie Mariano, with British-based players Kenny Wheeler, Ian Carr, Barbara Thompson and John Hiseman. Also in the first half of the season, Dave Holland, the British jazz bass, now resident in the U.S., makes a rare home visit with his new quintet, which includes Julian Priester and Marvin "Smitty" Smith. His tour opens in London on November 7.

The Network was set up as a means of increasing the number of performances of important contemporary works, many of which would otherwise not be heard outside London. Opening on October 24, The Fires of London will tour a new work by Robert Saxton, *The Sentinel of the Rainbow*, commissioned by the Arts Council, alongside two of the most outstanding works written for the Fires, *Triple Duo* by Elliott Carter, and Peter Maxwell Davies's *Image, Reflection, Shadow.*

A major work by Messaien, *Des Canyons aux Etoiles* is to be performed by the London Sinfonietta in the second half of the season, when for the first time the Western Orchestral Concert Board will be promoting two performances, one in Bristol, and the other at the Wintergardens in Bournemouth, a new venue for the Network.

A programme of Russian Music and Readings has been devised by cellist Elizabeth Wilson for the tour by the group, Music and Revolution which opens in London on December 5. Alongside the new work by Edison Denisov there will be Twentieth century Russian music, prose and poetry — in English translations and in Russian. The soprano Jane Manning will be performing with the group. Among the venues is the National Museum of Photography in Bradford.

The distinguished Japanese soprano Michiko Hirayama joins Dreamtiger in a programme of works entitled from *Sri Lanka to China*. Cellist Rohan de Saram will play a Kandyan drum in Vannam, traditional court music from his native land Sri Lanka. Douglas Young's new work, *Ukusa and Musladi* combines traditional Kandyan drum with flutes, percussion and voice.

In the second half of the season the British jazz group Trevor Watts Moiré Music will include a new work commissioned for the 1984 Bracknell Jazz Festival.

The death of the composer Cornelius Cardew in December 1981 is commemorated by a tour devoted entirely to his instrumental chamber music. The artists taking part include the American composer/pianist, Frederic Rzewski, John Tilbury and other musicians closely associated with Cardew. This programme will be preceded by workshop performances of his larga scala piece for amateurs, *The Great Learning.*

Television/Christopher Dunkley

The right to air wrong opinions

Union protagonists—Terry Duffy, Arthur Scargill, Frank Chapple and Derek Robinson

Over archive film of a mass meeting of trades unionists in the '20s or '30s — it could easily be pictures of the Jarrow hunger marchers rallying in London—the soundtrack begins to play the chorus from Iolanthe: "Bow low ye lower middle classes; bow, bow ye tradesmen, bow ye masses." As the mocking song continues, we see a succession of men, first in black and white photographs where they are young and serious-looking and dressed in everyday clothing, standing on platforms and addressing mass meetings: then as older men, photographed in colour, relaxed and beaming for the cameras as they flaunt their ermine robes.

These people are all familiar. Vic Feather is among them, as are Joe Gormley and Richard Marsh: all are union leaders—or they were once — but all have accepted elevation to the peerage. As the commentary remarks dryly: "There are some trade union leaders who are so prosperous that they have in their own person, anyway, achieved the harmony of the classes." Whatever the viewer's political opinions, it is surely impossible not to smile at the irony which is so clearly highlighted by the juxtaposition of pictures, music and commentary.

It is a simple yet devastatingly effective bit of programme making and that is no great surprise because the director is Ken Loach, the man who directed *Up The Junction, Cathy Come Home, Poor Cow, Kes, Family Life, Days Of Hope* and *The Price Of Coal*. Now he has made two programmes called *Questions Of Leadership* about the chasm which he believes separates shop floor activists from the national officials who run some trade unions — though "now" is hardly the best word to begin that sentence.

According to a report issued last week by film director Michael Winner (*The Jokers, Hannibal Brooks, The Nightcomers* etc) wearing a hat labelled "Chief Censorship Officer, Directors Guild of Great Britain" Loach was asked via Central Television to make the programmes for Channel 4 in 1981. At that time it was agreed that there should be four 50-minute episodes and, according to Winner, they were shot in the summer of 1982 and scheduled to be broadcast by Channel 4 in September 1983. Later the agreement changed to two episodes with some special "balancing" material to be added.

Yet even in this reduced and doctored form the public has never been allowed to see them and the purpose of last week's report from the DGGB was to accuse Central Television, Channel 4 and the Independent Broadcasting Authority of political censorship:

"The DGGB condemns the manner in which these programmes have been held up, delayed, and to all intents and purposes, buried. The only objection to them is their political content. Even with the addition of balancing material requested by the IBA they are still refused a showing. The excuses for this are lame and palpably unreasonable. It amounts to political censorship which is both dangerous and against an accepted principle of democracy."

After three years of to-ing and fro-ing it is almost impossible to discover who is most responsible for having kept these programmes off the air, but having managed to see them I feel fairly sure that it is not the sex or violence content which has been keeping them from the public.

Sure enough Central Television announced yesterday that "the clear risk of a successful action for defamation precludes the programmes being offered to Channel 4 for transmission," a difficulty which might seem to indicate the need for meticulous editing rather than suppression.

Since they are exclusively concerned with trade union politics many viewers would doubtless find them boring, and because they have been around so long the examples cited (the crossing of picket lines at the Isle of Grain, British Leyland's fight against Derek "Red Robbo" Robinson, the Health Service strike, and so on) are all somewhat dated.

But that is not what strikes you most when you watch the programmes. For a while it is a puzzle to decide what can possibly be so invigorating about a programme which is full of unoriginal ideas and familiar attitudes. At first I thought it must be the absence of sociologists with their absurd jargon and the fact that trades unionists were speaking for themselves, mostly in very direct language.

Then I realised there were two even more unusual aspects. First, when we heard complaints about "small bureaucratic centralised groups of people who have a disciplined, well organised stratum within the organisation that prevents individual members from playing a role within the policy of the union, the rule changes within the union, and the general direction in which the union is going" the speakers were not Right-wingers complaining about Militant Tendency entryism but Left-wingers complaining about the success of Frank Chapple and his colleagues.

The tables are also turned on "respectable" Terry Duffy, whereas Arthur Scargill is heard out in abnormally respectful silence. But even more striking than the particular flavour of the opinions is the way that Loach has allowed them to come out, just as clearly as if he was making another drama like *Cathy Come Home*.

Such an approach is of course completely at odds with the supposed "impartiality" of *Panorama* or *TV Eye* but then, as Robert Louis Stevenson said, "One gets more real truth out of one avowed partisan than out of a dozen of your sham impartialists." In any case, the makers of *Questions Of Leadership* would presumably argue that the traditional approach of British television journalism is actually far from "impartial."

Doubtless they would say that it is television to date which has been one-sided and that these two little programmes scarcely begin to right the historical imbalance. It is difficult to deny this argument. British television throughout its history has supported the status quo, especially in its journalism, usually covertly though quite often overtly. (Rightly, in my view, while television was a scarce commodity: it would have been intolerable to have a Daily Express or Morning Star approach to the news, say, while BBC-1 was the only outlet, but television is rapidly becoming much less scarce.)

In the same way that the printed journalism of Paul Foot or Peregrine Worsthorne tells a story and simultaneously expresses a clear attitude towards it, like much normal adult communication, so these programmes make no attempt to give a fair rendering of "the other point of view." (At least, not the 50-minute versions I saw without the IBA's ordered material).

Sometimes the political attitudes are quite explicit. At one point the commentary asks "How should union officials be elected? By postal ballot, the method of election favoured by the presa and the Conservative party, or by secret ballot at the place of work?" And a moment later it concludes "A fairer system might be to have a ballot box at the place of work."

The second programme ends with the commentary asserting: "In steel, at British Leyland, on the railways and in the health service, the Conservative government has won victories because the strength of the Labour movement has not been mobilised. In a very real sense" (perhaps there was a sociologist lurking) "the leaders of the trade unions have kept this Conservative government in power."

The people who made the *Question of Leadership* programmes and who feature in them clearly do not believe the status quo should be supported: their feeling is that we live in an unfair world and that we should do as much as possible to change it. While agreeing that the world is unfair I regard their political beliefs as wrong and their attitudes as often naive: they seem to imagine that class warfare can achieve an egalitarian utopia despite the fact that no such thing has ever been achieved in human history and in the face of every scrap of evidence proving that all revolutions end with the appearance of new ruling classes.

However much one may disagree with the arguments it is vital to ensure that this sort of programme does reach our screens. Those cradled snugly at the centre of the status quo cannot on the one hand argue that Britain is a parliamentary democracy with freedom of speech where change can be achieved by persuasion so that violent revolution is both unnecessary and immoral and, on the other hand, deny to those who seek change any access to the mass medium which is now such a vital element in that process of persuasion.

To behave like that now that television is losing its handicap of acute scarcity would be not just hypocritical but downright dangerous.

Giselle/Dominion

Clement Crisp

Mary Skeaping's *Giselle* staging for Festival Ballet is copious in detail, with cuts opened in the score and some restoration of dance incidents usually omitted. It is careful in its feeling for what we like to think is "Romantic" style, is decently quaint in design, and relies heavily upon period charm. All these qualities, though, need the focus which only strong central performances can bring, otherwise detail appears laborious, and the thread of the dramatic action sags under the weight of the production's accessories. Thus it seemed on Monday night when Renata Calderini's Giselle, a pleasant, if soft-grained, reading, was partnered by the company's Russian guest, Vladimir Derevianko.

Mr Derevianko is a product of the Bolshoy Ballet, lately settled in Rome. I reported upon his performance in Paris with Vladimir Vasiliev's Bolshoy group in 1979, when he appeared in Vasiliev's full-length *Icarus* and in a programme of short works. He looked then a demi-caractère artist of quickly brilliant technique, with a broad jump and an airy lightness.

His is not, though, a style or a physique best suited to Albrecht's ardours or his remorse: on Monday his performance had clean dynamics and all the expected merits of his schooling, but there should be an emotional weight and a linear elegance to the dance which lie outside Mr Derevianko's range.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

July 27–Aug 2

Theatre

TOKYO

Cats (Cats Theatre). The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (320 1001).

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story *is based on* fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. *Spiffing if you're in* that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Serjeant Musgrave's Dance (Old Vic): Notable cast headed by Albert Finney, Eileen Atkins and Max Wall in a limited season revival of John Arden's fine play. (928 7616).

Pygmalion (Shaftesbury): Peter *O'Toole is ridiculously mesmerising* as Higgins in an otherwise coarse revival of this resiliently entertaining play. John Thaw is a robust Doolittle, Joyce Carey a fragile Mrs Higgins, Jack Watling a compliant Pickering, Jackie Smith-Wood an earthy but dubiously Cockney Eliza. (836 6596).

Benefactors (Vaudeville): Michael Frayn's third play in London – he also has *Noises Off* and his Anouilh translation, *Number One*, at the Queen's – is a deft, menopausal comedy about love among the architects as the bottom drops out of the high rise boom in the early 1970s. Michael Blackmore's case are Patricia Hodge, Oliver Cotton, Tim Pigott-Smith and, best of all, Brenda Blethyn. (836 9988).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rusing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

Measure for Measure (Barbican): Juliet Stevenson as Isabell confirms her promise as the RSC's brightest young actress, a worthly successor to Ashcroft and Dench, in Adrian Noble's resplendent production. (628 8795).

NEW YORK

Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (877 8810).

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the apropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

WASHINGTON

Henry V (Folger): Philip Kerr directs the resident acting company led by Edward Gero as the charismatic Henry to the field of Agincourt, facing John Wylie as King Charles. Marjory Wright, the wife of the British Ambassador, plays Mistress Quickly. Ends July 1. (546 4000)

Jerry's Girls (Eisenhower): After so many revivals of Hello Dolly, singer Carol Channing and songwriter Jerry Herman have found a new package for this fruitful collaboration. (254 3670).

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Wednesday August 1 1984

A cold blast from Moscow

A SUDDEN political cold front has moved west from Moscow, shooting bolts of anger at West Germany but drizzling displeasure on East Germany too. The storm, which erupted in Pravda last week and has been sustained by other Soviet media since, threatens to inundate the one remaining island of detent in Europe; the relationship between the two Germanies that had been warming up in spite of the general East-West freeze.

The occasion of Pravda's attack was last week's guarantee by the Bonn Government of a new DM 950m loan to East Germany in return for some further relaxation on travel between the two Germanies. The Soviet party paper accused Bonn of using an "economic level" to try to "undermine the socialist system" in East Germany, but then went on to warn that "the relations between the two German states cannot be viewed separately from the whole international situation."

Pravda's message was couched as an attack on the Kohl government's "revanchism" towards East eGrmany, but was most notable for its barely veiled warning to President Erich Honecker of East Germany that he must not abandone his earlier preconditions for better inter-German relations. These included, the paper said—as if it needed to remind a man considered one of Moscow's most loyal allies—West German recognition of East German statehood and citizenship and removal of the new U.S. Pershing missiles from West German soil.

The immediate impact of the Soviet move is to throw fresh doubt on the long-mooted visit by Mr Honecker to West Germany in September. This would be the first ever such trip by an East eGrman party chief and president and the culmination of months of growing contacts and ties between the two Germanies, which had seemed almost magically insulated from the new East-West ice age.

It is also the key test of whether Moscow's East European allies have any more freedom of manoeuvre in the late 1980s than they had in earlier decades. Though a decision by a known maverick like Romania to defy the Soviet bloc boycott of the Olympics may be somewhat irrelevant, recent moves in the political field by Poland (granting amnesty to political prisoners) or in the economic field by Hungary (joining the International Monetary Fund and negotiating with the EEC) had seemed to indicate that Moscow was giving its allies a bit more elbow room. Significantly, a Hungarian newspaper has just praised East Germany as "doing a service to Europe and the world through developing bilateral relations," which the East German party paper gratefully reprinted.

Given the high risk stakes involved, two questions arise: why did Moscow wait so long to pour cold water on the inter-German rapprochement, and why has it acted now? The answers show Moscow's essential ambivalence towards West Germany.

On the one hand, the Soviet Union has never totally abandoned the dream of somehow detaching West Germany from the Western alliance, mainly through offering the prospect of closer relations with its eastern half. Stalin, after all, once put forward the idea of German re-unification in return for neutrality. West Germany is also the Soviet bloc's biggest provider of Western technology.

But, as Pravda made crystal clear, the Kremlin has grown increasingly nervous about the way inter-German relations have developed in the past year. To the Soviets, the West German "economic lever" has been remarkably successful in prising people out of East Germany.

Herr Honecker may feel the East eGrman state can stand this. Indeed his domestic standing has probably never been higher.

Revanchism

But to the hyper-sensitive Soviets who will be giving themselves over to a massive celebration on the 40th anniversary of the victory over Hitler next year, the reappearance of, for instance, the statue of Frederick the Great on East Berlin's Unter den Linden smacks of German "revanchism" spreading from west to east. There may also be a Soviet feeling that an experienced ally like Herr Honecker may have been taking advantage of recent interregna in Moscow to further his own aims at the expense of broader Soviet strategy.

Moscow feels the strategy dictates that the general Soviet pressure on the West to reverse its new missile deployments should not be diluted or undermined by too close a link between the two Germanies. There are clear limits to Herr Honecker's freedom of action — and this is true of any other member of the Eastern bloc. Any hope of further substantial improvement in inter-German relations hinges on a wider change in Soviet foreign policy.

The case against bilateral aid

THE Overseas Development Administration has announced that it will spend a record £131m out of Britain's £1.2bn annual aid budget to buy a power station for India from a British consortium led by GEC. Is this money really designed to help India, or is it a covert subsidy to the shareholders and employees at GEC, Babcock Power and other hard-pressed British engineering companies involved in this project?

The answer, undoubtedly, is a bit of both. Bilateral aid, tied to the purchase of goods and services from the donor country, is regrettably a familiar—and seemingly inescapable—feature of international commercial life. It is regrettable in principle because, like other forms of subsidisation and bilateral trading deals, it distorts market forces and pushes the world economy ever further away from a rational organisation of production based on comparative advantage.

However, the damage done by tied aid can be much more practical than the abstract theory of trade might suggest. All too frequently, the cult of heavy industry has ruined the economic management of developing countries which should instead have concentrated on agriculture and small-scale labour-intensive manufacturing.

Scepticism

The dismal practical results from many of the Third World's efforts at industrialisation make it entirely reasonable to ask whether a project like the aluminium smelter for which GEC will be providing its £131m power station will actually benefit the Indian economy as much as it benefits GEC and other British companies. But justified scepticism must not be allowed to turn into universal cynicism. Every such project must be examined carefully on a case-by-case basis and the record of Britain's ODA in this respect is rather better than that of many other development agencies.

In this case the ODA's economists have concluded that the foreign exchange benefits for India of producing all is aluminium requirements domestically would be considerable, despite the present glut of aluminium smelting capacity on the world market. They may well be right, but the fact remains that their conclusions would have been much more convincing in an ideal world in which all development projects were open to tender from any qualified bidder, irrespective of national origin.

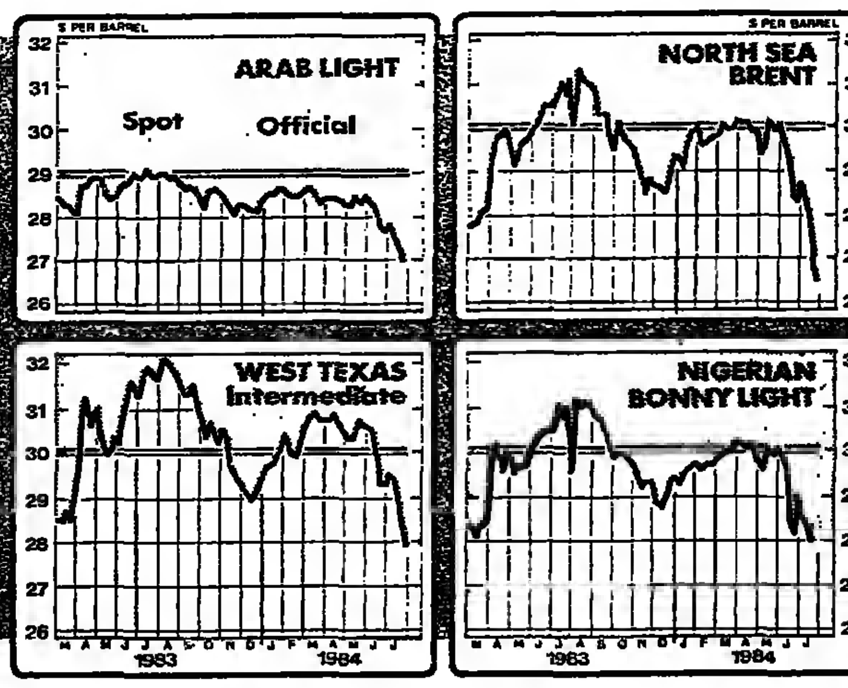
In a less than ideal world, in which governments are inevitably motivated by their domestic commercial interests, such an opening-up of the development business could probably be achieved only by handing over the supervision of more aid to impartial international bodies like the World Bank and the Asian Development Bank. Fortunately, although the British Government has repeatedly stated its attachment to bilateral aid and has publicly asserted that it sees aid as an instrument of British commercial and diplomatic policy, the proportion of Britain's aid budget going to the multilateral institutions has grown steadily: from less than 10 per cent in the early 1960s to 41 per cent in 1983.

Indeed, Britain has been in the forefront in trying to strengthen the World Bank's International Development Association and has supported moves to regulate the use of tied development aid as a hidden subsidy in commercial export credits. One reason for the apparent inconsistency between the Government's public espousal of bilateralism and its concrete actions in favour of more multilateral aid may lie in an interesting statistic recently published by the ODA. Multilateral aid agencies purchase British goods and services equivalent to 120 per cent of Britain's contributions. British firms, it seems, are quite competitive in tendering for selling the equipment and know-how for development even in competitive markets. Surely no better reason than this is required for pushing further Britain's commitment to multilateral aid.

INTERNATIONAL OIL MARKET

Opec saunters into a crisis

By Ian Hargreaves



SHEIKH YAMANI

Bob Hutchison

WHEN Opec ministers left the InterContinental Hotel in Vienna 19 days ago, they and the oil market thought the deal they had done to hold official prices would be enough to prevent a wobbly oil market becoming a lot wobblier.

They were wrong. In those 19 days, the oil market, mystified by the behaviour of Saudi Arabia, has gone mad. Traders have exchanged midnight rumours about the collapse of Opec, about the imminent bankruptcy of their competitors and started again to use words like "insane," "hysterical" and "hopeless" to describe the atmosphere in which they are doing business.

The price of oil from the Brent field in the North Sea has fallen in those 19 days from $28.60 a barrel to under $26.50 a barrel, where it stands at a $3.50 a barrel discount to the official British National Oil Corporation third quarter price. As BNOC's fragile deal with its customers to hold that price is undermined, sterling has dropped, with unpleasant ramifications for interest rates and inflation.

Oil product prices are also weak. Gas oil, at $214 a tonne in the Rotterdam spot market, is at a five-year low. Only heavy fuel oil, thanks to Britain's striking coal miners, is resisting the downward pull. Middle East crude prices have also fallen but not so sharply as North Sea crudes. Arab light was trading at around $27 yesterday, down 35 cents since the Vienna meeting—a tribute probably to Saudi Arabia's ability to influence the Arab light market through its trading agency Norbec. Such control is notably lacking in the speculation-prone North Sea market.

"There's just too much oil, it's coming out of our ears," said one trader. "Until the producers put some caps on their wells, it's not going to get better, it's going to get worse."

Retailers of "worst case scenarios," in which the price of oil falls to $20 or even $15 a barrel, with far-reaching consequences both for the profitability of high-cost North Sea oilfields and the economies of several over-stretched oil producers, are suddenly no longer shunned as eccentrics.

"Three weeks ago, I was confident that prices would hold steady this summer and firm up in the fourth quarter," said one analyst noted for caution yesterday. "Today, I'd say there's a 75 per cent probability that official prices will have to be cut. It's not inevitable, but it's damned close to that."

It is not too difficult to explain how this change in perceptions came about. When the Vienna meeting began, oil markets were already weak because in the second quarter of the year, the non-Communist world had produced or imported 1.8m barrels a day more oil than it consumed at a time when stock levels were already high. Since non-Opec production is more or less stable, that pointed to excess Opec output.

At least, that was the picture presented in the July oil market report of the Paris-based International Energy Agency, which added the caution that it may have underestimated demand.

As it turned out, however, it seems certain that rather than underestimating demand in the second quarter, the IEA has been underestimating supply. An Opec production figure of 18.5m b/d now looks more likely for both June and July than the 18.2m b/d IEA figure, meaning that Opec in two months has pushed an additional 1m b/d or 61m barrels of oil into a saturated market. Some observers think that even these figures are understated and estimate current Opec production at 19m b/d — 1.5m b/d over the organisation's official production ceiling, reaffirmed at the Vienna meeting.

Meanwhile, oil demand, which led by the U.S. economic recovery in the first quarter had looked bright, is starting to level off. In the first quarter, OECD demand was up by 4.9 per cent on the first quarter of 1983, but the IEA projection for the whole year is now only 3.5 per cent. In 1985, based upon OECD economic growth projections, oil demand is expected to increase by only 1.5 per cent over 1984.

These numbers are very bad news indeed for Opec, since they suggest that the organisation cannot hope to sell much more than an average of 18m b/d over the whole of this year and next. The confidence in Vienna, which permitted Nigeria a modest (100,000 b/d) rising to 150,000 b/d) addition to its output in August and September, and gave rise to projections of 19m b/d demand for Opec oil in the fourth quarter now look thoroughly misplaced.

The biggest irony is that it is primarily Saudi Arabia, the band behind the steady front which Opec has maintained in *the last 18 months*, which *has* been guilty of the worst overproduction in order to pay for its new aeroplanes. The 36m barrels of oil involved in the Boeing/Rolls-Royce barter deal has been the most important single factor in depressing oil prices in the last fortnight.

But it has not been the only one. Indonesia, Qatar and Abu Dhabi are all still producing well over their quotas and Iran, able to use the excuse of war risk discounts to customers lifting its oil, has cut its effective price by about $2.50 a barrel, making a mockery of Opec's official price structure.

Nigeria, which enjoyed a small diplomatic triumph in Vienna, has not yet managed to reach even its preVienna output quota and will not do unless it offers hefty discounts on a crude which competes directly both with North Sea and Russian oil. The official August price of Urals crude has been cut from $29 to $27.50 a barrel.

In the oil market, all eyes are now upon the U.S., where the oil majors are under great pressure to cut the posted price of the key light crude, West Texas Intermediate, from its current $29. Two small producers have already knocked 50 cents off the price.

If West Texas goes, most people in the market believe that BNOC will follow and that Opec Ministers will have to convene in order to cut officially the price of Opec crudes, which have held since March 1983, when an all too similar chain of events led to a $5-a-barrel cut in Opec official prices.

There are, however, some differences between March 1983 and August 1984. Then, demand was falling and stocks were somewhat higher than they are now. Although it is difficult to get reliable figures, at a time of rising interest rates, oil companies are almost certainly again attempting to cap, if not actually cut, stocks.

Against that, Opec ministers arrived in London for their March meeting knowing that they had already severely curtailed production—to 15.4m b/d in the first quarter. This time they seem almost to have sauntered into a crisis, a result, perhaps, of the psychology of improved expectations. Opec thought demand was getting better, but was too impatient to draw the benefit.

Now, as ever, the ball is in Sheikh Yamani's court. Whatever the rancour and recrimination within the Saudi establishment about the Kingdom's role in current overproduction, there is a widespread willingness among the oil companies, which above all want price stability, to give Opec another chance.

The hope is that the Saudis will in the next few days issue signals of self-restraint about their August production intentions. If that happens, the market will probably be content to sit out a normally soporific month to see whether action in the form of reduced production follows.

If it does, BNOC and Opec may yet avoid cutting their official prices. The next three weeks will tell.

THE REPERCUSSIONS OF SAUDI ARABIA'S BARTER DEAL

SHEIKH Ahmed Zaki Yamani, Saudi Arabian Oil Minister, has been placed in an acutely embarrassing position by the *surge in his country's oil production.*

It comes at a time when he has been instructed by Opec to make contact with producers outside the Organisation of Petroleum Exporting Countries to win their co-operation for a wider campaign to restrain global oil production.

A key factor behind the production surge has been Saudi Arabia's oil-for-aircraft barter deal with Boeing and Rolls-Royce.

This is believed to have involved 36m barrels of oil, most, if not all of which was disgorged onto the international market during July.

The deal evidently divided the Saudi Government and seems certain to cause considerable unrest within Opec, for it means the Kingdom was the *worst offender last* month against the organisation's self-imposed joint production ceiling of 17.5m b/d.

Opec committed itself afresh to this ceiling at its Vienna meeting last month—and the assumption must be that Sheikh Yamani knew of the barter deal at the time.

He is understood to have resisted the deal as much as he could, but it was concluded above his head at the behest of senior members of the royal family without regard for state oil policy, Opec or the repercussions on the world price structure.

The Saudi agents involved in the deal will have benefited from it being in barter form: under Saudi law, commissions are permitted up to a maximum of 5 per cent of the value of a deal—*in this case about $50m—and there is no* suggestion that this ceiling has been exceeded.

Boeing and Rolls-Royce are believed to have resold the oil at a lower price than that set in the barter deal. They could afford to do so and still find the deal worthwhile because the Saudis' front-ended payment for the aircraft will have saved them interest.

Saudi Arabia tends to act inscrutably. It is not the first time in recent years that it has acted blatantly against the common Opec interest. In the second half of last year its production was estimated at 5.8m b/d. This meant *it* was responsible for about 60 per cent of the total volume produced in excess of the Opec ceiling during this period. No clear *explanation was given* but other members were sceptical about Riyadh's suggestion that the high rate was required to produce sufficient associated natural gas for power plants and industry.

The Saudis' latest move can only encourage more indiscipline among Opec country's

The Kingdom's disproportionately large share of the Opec cake has been a continual cause of resentment to other members, especially to Iran. Saudi Arabia and Kuwait are the only Opec countries with substantial reserves to finance a budgetary deficit and cover a balance of payments deficit. The Kingdom *still* has an *estimated* $110bn in foreign assets, about two-thirds of which could be utilised readily, and it would certainly have no difficulty in raising money in the market, if necessary.

As other members are forced to tighten their belts—even more than last year—it is reckoned that the Kingdom will be responsible for nearly all of the Opec current account deficit projected by bankers at about $15bn-$20bn for 1984.

Ironically, Nigeria, whose financial crisis makes it the most vulnerable link in Opec, did not succeed to fulfilling its full quota in July because it faithfully abided by official prices — despite the pressure upon it to discount. Algeria's output was evidently below its quota and *Iran's more or less within its* allocation despite a recent burst of exports. To a greater or lesser extent the other Opec nations have all been exceeding their quotas, other major offenders being Indonesia and Qatar.

Rumours of an imminent break-up of Opec, as in the past, are greatly exaggerated. At the same time, the organisation has lost the sense of urgency on restraining output levels that it generated at last month's Opec conference. It *was* agreed *in* Vienna that ministerial delegations should spread out to members' capitals and persuade the real decision-makers of the imperativa need for discipline. But these teams have still not mobilised themselves.

Richard Johns

Great Western comes to London

Great Western Resources, the latest U.S. oil and gas exploration company to come to the UK stock market, has fields in the classic tycoon territory from the heart of Texas to Wyoming. But Daniel Pena, who heads it, is far removed from the popular cigar-smoking, stetson-hatted image of the U.S. oil man.

When he is not running in marathons, 38-year-old Pena sits more comfortably in the air-conditioned officea of Wall Street, where he made a name for himself as the youngest-ever vice-president of Bear Stearns, the investment bank.

He had then, at the age of 32, already completed one career as a Nato intelligence officer based in London and Brussels. From Wall Street, he turned to the oil industry. He became founder-chairman of JPK Industries, a company which drilled, produced and refined.

Pena split from his partner, selling his 50 per cent stake, when he felt their plans and overheads were becoming too grandiose. "I like to keep overheads to a minimum and have no debt," he says—a business philosophy not widely shared in the oil industry but one, he hopes, which will attract UK investors.

His non-executive directors at Great Western include Bob Dyk, the "grand old man of the North Sea," and Hugh Carey, former Governor of New York. Dyk, aged 74, a geologist who has spent most of his life in the oil and gas business, landed Britain's first North Sea oil from the Argyll field in 1975, and was awarded the CBE for his contribution to the offshore industry.

Carey helped save New York City from the threat of bankruptcy in 1975—but Pena hastens to say that it is not because of his expertise in dealing with insolvency that Carey has joined the Great Western board.

Men and Matters

"Nice little trip to South Wales for you—just collect £50,000 for a High Court judge"

State shares

Georges Pebereau, the nearest approximation among France's nationalised industry bosses to a high tech whizz kid is off on his travels again.

This time, the newly appointed 53-year-old cairman of France's state-owned Compagnie Generale d'Electricite telephones-to-power-stations conglomerate is going to the U.S. for 10 days.

The plan is to boost CGE's chances of gaining a significant foothold in the fast evolving U.S. telecommunications market.

Pebereau, renowned for his fast talk and grasp of financial detail, took over the helm of CGE from the urbane ex-diplomat eJan Pierre Brunet. eH has been surrounded by controversey ever since.

The reason is a contentious agreement with CGE's telecommunications subsidiary CIT Alcatel (of which he is also chairman) securing him handsome life salary payments in the event of his departure from tha company. Pebereau eventually relinquished the accord after the Socialist government made clear its view that such "golden parachutes," are hardly in keeping with tha economic austerity it wants to encourage.

He has also come in for carping criticism, however, for being slow in linking CIT's telecommunications activities with international computer companies. Hard travelling Peberean ripostes this has not been for want of trying. He cites

As part of its efforts to gain an American foothold CIT Alcatel is seeking a flotation, perhaps next year, on the New York, over-the-counter stock market. But the New York authorities are unsure whether to allo wa share issue by a state-controlled company.

Trading places

Robin Gray, deputy secretary in charge of trade policy at the Department of Trade and Industry, and a tough and stubborn negotiator in the UK's *interests, is retiring.*

His successor is Roy Williams, currently the under-secretary heading the DTI's trade policy division and described by his colleagues as "definitely not an Oxbridge smoothie" (he went to Liverpool University).

Williams, aged 49, was already looking forward yesterday to wading into the next round of Gatt negotiations. "The last Gatt marathon, the Tokyo round, was very difficult indeed," he said, with some relish. "But most earlier rounds have centred on tariffs and these are no longer the chief problem.

"What we need to think about today are hidden barriers to trade," said Williams. Some newly industrialised countries had many trade privileges, ha ventured. Yet they were now "grown-ups." The trouble was they hadn't taken "their graduation certificates."

Williams has wider experience than most mandarins of Whitehall's political masters. He has looked after no fewer than five ministers — Roy Mason, Harold Lever, Tony Benn, Eric Varley and Sir John Eden.

Air service

The huge human "welcome" message on the floor of the Los Angeles Olympic stadium was greeted with wry smiles by Airship Industries' marketing director, Nicholas Greenwood. He was the salesman who persuaded the *American Broadcasting Corporation* to use an AI airship as a camera platform over the games.

Only daya before, the airship and its crew had been "peppered with bullets," to use Greenwood's carefree remark made in London yesterday. The attack came on a promotion tour in San Francisco.

"Nothing unusual about that," he added, with a determination not to allow his main competitor in the U.S. to keep its image untarnished. "The Goodyear blimp airship regularly get sprayed with bullets, but they keep flying."

The prospect of bullets deflating Airship Industries' image as a leading producer of advanced airships, just as sales are picking up, however, has alrmed the company. It claims a few bullet holes will not down its airships. But just in case, it is considering installing a miniature radar to detect when bullets are approaching.

In the meantime, the airship on duty over the LA games has to make do with an FBI agents as airborne watchdog. Stick-on patches have covered the bullet holes.

Observer

THE MOOD OF HONG KONG

Fearful, divided and obsessed

By David Dodwell in Hong Kong

"ALL THOSE with confidence in Hong Kong, put your money where your mouth is. Your stock market needs you," an editorial in a leading Hong Kong newspaper pleaded recently.

What has happened to the "rumbustious, freebooting colony, naked and unashamed, devoid of self-pity, regrets or fear of the future," described 16 years ago by Hong Kong's most celebrated journalist, Richard Hughes?

Two years of secret talks between the Chinese and British governments over the fate of the colony after 1997, when Britain's lease on 92 per cent of the territory expires, have taken their toll.

Neurosis began to set in when Sir Geoffrey Howe, Britain's Foreign Secretary, stated publicly in April what had been expected privately for some time—that Hong Kong would in 1997 be handed back to China lock, stock and barrel.

It has heightened steadily since then as the September deadline for an agreement on 1997 has neared, and is unlikely to be relieved by the statement Sir Geoffrey is to deliver in Hong Kong today, after four days of discussions in Peking.

Since April, when the stock market's main indicator, the Hang Seng Index, stood at 1,170 points, a combination of crises and rumours have dragged the index down to the middle 700s—less because people are rushing to sell shares than because hardly anyone is interested in buying them.

Over this period, a politically apathetic colony driven by a single-minded preoccupation with earning money has been transformed into a hyper-active and divided community in which every kind of political possibility is being concocted and worried over. The obsession with earning money has been replaced by an obsession with finding bolt-holes through which to escape if things go sour. Newspapers are littered with advertisements inviting investments and offering homes—discreetly from Canada and Australia, less so from such unlikely places as Guam, the Seychelles, Cayman Islands, Costa Rica, Paraguay, Tonga and Mauritius.

The local newspapers, both English and Chinese, pro-Peking and pro-Taiwan, along with television and radio channels, carry report after report on the subject of 1997. Dozens of delegations head for Peking each week to seek assurances of their future. The Chinese leadership has bent over backwards to calm fears. It has said that Hong Kong's political, economic and social systems, law and lifestyle, will remain unchanged for 50 years after 1997. It has promised that Hong Kong people will govern Hong Kong, that it will retain its currency and its independent trading status.

But still, Hong Kong people refuse to "let their hearts rest at ease," as Deng Xiaoping, China's supreme leader, has pleaded they should do for the past three years.

Reasons for this are not hard to find. Apart from the many thousands who fled from China in the turmoil up to 1949, about half of the people presently in Hong Kong have arrived—most of them illegally—in the past 25 years.

Many sought refuge from political persecution during the Great Leap Forward in the 1950s, or the Cultural Revolution in the late 1960s and early 1970s. Others sought a better life, turning their backs on the grinding poverty and starvation brought on China's peasantry by the ill-thought-out policies of these periods.

Thus the Hong Kong Observers, a pressure group made up of young professionals and intellectuals, recently wrote: "People of Hong Kong are still suffering from memories of political upheavals and party struggles in China in recent decades. That is why Hong Kong people believe it is necessary to protect Hong Kong from becoming embroiled in future struggles."

One view of the negotiations: a cartoon by Morgan in the Far Eastern Economic Review

Deng Xiaoping is so irritated by the reluctance of Hong Kong people to believe Peking's assurances that he told one recent delegation: "Do I have to swear before Buddha?"

Suspicions are not the prerogative of Hong Kong's privileged and elite classes. In a recent visit to some of Hong Kong's "temporary housing estates," fetid, corrugated iron shanty villages still bearing the scars of the mud slips in the last typhoon, a Taiwanese flag was fluttering above almost every spider's web of illegal electricity connections to telegraph poles.

Many of the families subsisting in these villages have fled from China during the past six years. Despite their degrading poverty, slum conditions and sweatshop labour in local textile factories, nobody said he wanted to return to China. The best any would say was that he would probably be no worse off under a Communist regime.

Britain has promised that whatever agreement is drawn up with the Chinese Government will have to be acceptable to Hong Kong. Most people were sceptical about the promise—and that scepticism has not diminished since Britain announced its assessment procedure two weeks ago.

The assessment committee set up to gather public opinion on the agreement, and the monitoring group set up to make sure it does its job properly, are widely seen as an effective way of making sure Britain does not face the potential embarrassment of Hong Kong people rejecting the deal.

As a basic minimum, Hong Kong people will expect the agreement to make detailed and binding commitments to continuity and a wide range of freedoms. Some pressure groups, like the Hong Kong Observers, recognise that some of the demands being made require changes in the Chinese constitution.

In the process, it has become clear that many Hong Kong people are asking less for assurances about Hong Kong than they are for commitments on the nature of the government in China up to and after 1997.

Convinced that Hong Kong has a political and economic system that works well, they expect China's leaders to abandon the Socialist dogmas of the past and adopt more liberal capitalistic economic policies. For an agreement to be acceptable to Hong Kong's 5.5m people, it must be China rather than Hong Kong that makes changes. Small wonder that Deng Xiaoping has thrown a few fits of pique.

As if this were not enough for Hong Kong's new-born political pressure groups to chew on, the Hong Kong Government has in the past two weeks released a Green Paper containing proposals for political reform in the colony up to 1997.

At present, Hong Kong's highest political bodies, the Executive Council which acts rather like an inner cabinet, and the Legislative Council, equivalent to Britain's House of Commons, are made up of government bureaucrats (officials) and individuals appointed by the governor (unofficial). Only at the lower levels of the urban council and district boards are members directly elected.

The proposed reforms involve the gradual replacement during the course of the 1980s of officials and appointees in the Executive and Legislative Councils with members indirectly elected from an electoral college of urban council and district board members, and from "functional constituencies," representing different professional groups in the community.

Across the political spectrum, groups have complained at the snail's pace at which the Green Paper proposes moving towards more representative government.

Last weekend a total of more than 40 pressure groups came together to form a joint conference to comment on the Green Paper. They ranged from labour and civil service unions and political and grass roots pressure groups to religious groups, and urban and district councillors.

While it may be difficult for them to reach agreement on many issues, it is almost certain that they will call in unison for direct elections before the end of the decade to the colony's main ruling bodies.

The Government argues that direct elections are not "the Chinese way," and that concern about possible loss of face would keep some of the best candidates from standing for election. Significantly, it hints that moves which encouraged Hong Kong people to think they might be headed towards full-blooded democracy would be strongly opposed by Peking.

China is committed to offering Hong Kong self rule, but it has stopped short of suggesting this might be democratic rule. Peking itself has made no official comment on the Green Paper.

The political debates of the summer have suddenly made it clear that no-one knows who Peking will allow to hold the reins of power after 1997, and that at this stage no-one has a head start. That has captured the imagination of pressure group leaders, but it has come as a sharp jolt to the community's appointed leaders on the Executive and Legislative Councils.

One senior Executive Council member spoke for many last week when she said: "Our role used to be advisory, but now it is political. None of us are politicians, but we are all going to have to learn very fast."

UK Adult Education

The slow death of a 'great tradition'

By Kenneth H. Lawson and Michael D. Stephens

THE GOVERNMENT has decided to reduce its support for liberal adult education within the universities. As with all such state actions in the UK, a slow death is favoured with an initial cutback in support of 14.3 per cent over the next three years. No doubt, further cuts will follow. The sums saved are much less than the margin of error in the relevant ministry's annual accounting. And behind the policy change lies a shift in philosophy with much wider implications for society.

It was in 1907 that the Government decided to provide financial aid to universities to put on courses for general public. Perhaps the strongest motivation in this act was a belief that it would help working-class students to get into higher education.

Harold Wiltshire, the second Professor of Adult Education at the University of Nottingham, which had established the world's first chair in the subject in 1922, gave the system that eventually emerged the title of "The Great Tradition." This, he said, had various distinguishing characteristics including:

- A commitment to a particular curriculum, to the humane or liberal studies (meaning those studies which can be expected to concern us as men and women, not as technicians, functionaries or examinees).
- Within the curriculum, particular concern for the social studies and for learning as a means of understanding the great issues of life. The typical student is the reflective citizen.
- A non-vocational attitude among students. Examinations and awards, which imply and encourage other attitudes, are deplored.
- The tradition combines democratic notions about equality of educational opportunity with what may seem unwarrantably optimistic assumptions about the educability of normal adults and as a result rejects any attempt to select students for adult education either by examination or by reference to previous education; the only selection used is self-selection. It is assumed that if you are interested enough to attend the course and competent enough to meet its demand, then you are a suitable student.

British universities now provide such programmes for some 260,000 such students with the courses in England and Wales grant-aided up to three-quarters of their costs.

The Great Tradition was accepted as an educational priority by several generations of government ministers and Whitehall mandarins. This is no longer the case. The change has come quite quickly with the Thatcher administration of 1979 a key factor.

The Conservative Party in Britain has never before produced a "radical" government, so Thatcherism is a watershed in more ways than just in abandoning one set of values in education. It is a throwback to the Britain of the late 18th and early 19th centuries when the Industrial Revolution was made. It does not believe in education—neither did Englishmen in 1790 — but it has a faith in the modern equivalent of the rule-of-thumb men who made the Industrial Revolution.

If education has to be supported, as against more traditional government funding, like defence, then it is to provide the modern equivalent of the rule-of-thumb men. If government funding is granted in adult education, then it should be to improve skills in microcomputing or to put on programmes for the unemployed so that they, with new skills, can get back to work as quickly as possible. It certainly feels it should not waste energy on any such daft idea as producing "reflective citizens."

Conservative faith in the modern equivalent of the rule-of-thumb men

We used to think that the problem in England was "either/orism", that is to make a choice between priorities. We now know that this is wrong. At a particular time a culture finds its leaders promoting a view of reality which they find acceptable.

Poor Harold Wiltshire! The new reality makes the Great Tradition unreal. Forget about liberalising education as your Government wants you to share with it the mysticism of biotechnology, microelectronics, and perhaps a touch of the old magic of rewiring your house yourself.

It may be that the liberal tradition itself is responsible for some of the things that are happening. For liberalism in the philosophical and educational senses emphasises the importance of the individual. This is such a well-entrenched value in the British tradition, going back at least to doctrines hammered out in the 17th century, that it is virtually unthinkable to question it. It is at the heart of the rallying cries of Thatcherism.

Liberalism develops the belief that there can be no vision of the "good life" beyond that of each individual. This view has fostered the subsidiary beliefs that there are no universal standards in art, music and literature, or in dress, lifestyles and personal behaviour. The same can then be said of ethics, social policy and politics generally.

There is no vision of the ideal state; there is no conception of "a good life" to be striven for. Government plays only a minimal role. It is concerned with the processes of ensuring that the rights and the rule of law are upheld, that the state is defended and little else.

It is no accident, therefore, that notions such as "the welfare state" are unfashionable, because they require the establishment of shared values and of consensus about social goals.

What has emerged from the freedom of the 1960s is a single universal criterion by which to judge policies, decisions and the conduct of affairs at all levels. It is money. "That something pays" is the criterion of its worth, and all the processes in society are judged by it. What is done, what is made, and what is said are of no consequence provided that the processes involved cost little and earn much.

We have emerged as a society in which discussion about worthwhile ends is ruled out as irrelevant because we have come to believe that there are no worthwhile ends beyond our self-preservation.

Professor Stephens is Dean of the Faculty of Education and Dr Lawson is Assistant Director of the Department of Adult Education at the University of Nottingham.

Letters to the Editor

Compensation for nationalisation

From Peter and Norman Yarrow

Sir, — Mr Tebbit's announcement (July 26) regarding the privatisation of the warship-building subsidiaries of British Shipbuilders raises several topical questions. May we issue a word of warning to potential purchasers of these yards, based upon our own experience as private investors in one of them.

In 1977 the Tories opposed the Aircraft and Shipbuilding Industry Bill vigorously, and in particular, criticised the proposed method and scale of compensation. Mr Tebbit himself said that there could be "no equity" in the terms proposed. Mr Heseltine, the senior Opposition spokesman, said: "The terms cannot be fair in any conceivable, reasonable use of the word."

Under the terms of the Act, Yarrow and Co was paid £6m for its highly profitable warship-building subsidiary, Yarrow Shipbuilders. An independent survey put a value of about £20m upon the yard. Therefore we, as shareholders, were paid around one-third of the true and fair value of our investment. Daylight robbery was enforced by law.

In the most recent financial year the same yard made a profit of over £11m, and is now high on the Government's privatisation list. We now face the prospect of the Government selling the yard for what it is really worth, maybe £40m-£50m —up to eight times what was paid for it in 1977. A reasonable return over seven years, by any standards!

Yarrow and Co, with others, is now fighting for adequate compensation before the European Court of Human Rights. Sir Michael Havers, the Attorney-General, argues that compensation in this case is outside the scope of the convention. If he is found to be correct, there will be no remedy left for any British shareholder, such as ourselves, whose assets are nationalised by a future Labour Government with nil, or totally inadequate compensation.

Now that we are faced with the privatisation of the warship yards, as well as that of Jaguar, British Telecom, British Airways, and other state-owned industries, should not potential investors be warned in the prospectuses that there is no legal precedent to prevent a future Labour Government from nationalising without compensation; and in these circumstances, should not one be asking "What are these assets genuinely worth?" given the real risk of being robbed in four years' time? Be warned!

Peter Yarrow, Norman Yarrow.
Flat 7,
45, Bramham Gardens, SW5.

Stamp Duty saving

From Mr R. Instone

Sir,—Since 1960 the Inland Revenue has had a statutory power to counteract transactions in, or relating to, securities which produce a tax advantage without a commercial justification. These provisions have never extended to stamp duty (which is a tax on documents, not on transactions), although there have been more than two dozen later Finance Bills by which Parliament might, if asked, have approved such an extension.

You now report (Lex, July 30) that the Inland Revenue proposes to make this extension, in reliance on *Furniss v Dawson*, a decision of the House of Lords which, in its legislative capacity, lacks the power to impose new taxation.

It would be helpful if the Inland Revenue was to announce what new taxation requires, in its opinion, Parliamentary authority, and what can be imposed at the drop of an administrator's bowler hat.

Ralph Instone.
7, New Square,
Lincolns Inn, WC2.

Guiding hands

From Mr A. Davies

Sir, — I read with interest the article headed "Why advice from a bank manager is not impartial" (July 24), and with bewilderment at some of the remarks contained therein.

Mr A's comments, which featured so prominently in the article, would appear to be extremely parochial that it is little wonder, therefore, that he should wish to remain anonymous.

He has failed to, or will not, recognise that banking is a profession that demands high standards from those who would pursue a career dedicated to its many and varied facets, and the opprenticeship is both long and demanding. Furthermore, he fails to appreciate that there are a number of other pressures far more potent a force than "competitive pressures" that will quickly manifest upon any manager who as a matter of course permits the adequacy of a customer's security to influence his decision to lend in preference to that of the proposition itself. As a result, there are very few managers whose decision to lend is influenced solely by the value of the security offered.

The article conveniently ignores the considerable number of businesses which continue to exist today largely as a result of the guiding and sympathetic hand of the bank manager; but inevitably there will be those occasions where a bank will be forced to limit or even withdraw its support. It is, however, worth remembering that those who deposit monies with banks do not do so in order that their funds are exposed to risk; consequently, there is an obligation on the part of the bank to minimise the possibility of loss at all times. This essential requirement is never far from the minds of all bankers.

It will augur well for the future when Mr A's colleagues show as great an interest in their business clients (beyond the annual audit) as that which has always been shown by his cousins in the banking profession.

A. R. W. Davies.
15, Beech Hall Drive,
Tytherington, Macclesfield.

Immunity at Lloyd's

From Lady Middleton

Sir,—While chairman of the Association of External Members of Lloyd's my colleagues and I deplored the inclusion of a clause in the Lloyd's Bill *giving immunity from litigation* to the Corporation of Lloyd's and its employees.

Even after petitions to both Houses of Parliament, however, the clause, though slightly modified, was passed. Now, years later, with continuing revelations of malpractice one can only hope that the Department of Trade will instigate amending legislation to the Lloyd's Act 1982.

Janet Middleton,
Birdsall House,
Malton,
North Yorkshire.

GLC assistance for schemes

From the Head, Programme Office, Director-General's Department, Greater London Council.

Sir,—In Hazel Duffy's article of July 27 the impression was given that a further package of £31m was being considered by the GLC in respect of financial assistance to schemes in London Boroughs, in addition to the £14m previously agreed. This is not so. The schemes recently subitted by Boroughs, including substantial sums from Conservative-controlled Boroughs, amount to a total of £21m.

Reg Race.
County Hall, SE1.

Pensions freedom

From the Chief Executive Company Pensions Information Centre

Sir,—Many people in the world of pensions will agree with Barry Riley (July 19) that more freedom could bring mixed blessings, but there will be far less agreement with the claim (which he appears to share) that "occupational pension schemes as a rule deliver much less than they promise." For someone who leaves a scheme before retirement the benefit promised is a certain proportion of pay at or just before the date of leaving. That is just what the scheme provides. There are very few exceptions where a scheme has to be wound up and the assets fall short of the liabilities. Many people share the view that more than this should be provided for people who leave and the Government has already declared its intention of making this mandatory from some future date.

Barry Riley goes on to refer to proposals "to force schemes to give fairer transfer values to employees changing jobs." But the great majority of transfer values are a fair alternative to the preserved pension that would otherwise be offered. Many people underestimate the effect of high rates of compound interest over many years and that is why the present value of a future pension often appears low. However, the number of cases in which transfer values are used to buy elsewhere a pension which exceeds the amount of preserved pension offered surely indicates not only that most transfer values are fair, but that many are more than fair.

Mike Brown,
7, Old Park Lane, W.1.

Not really a game

From Mr F. Craig

Sir,—Is the some days you can get the FT, some days you can't, most days there are printing errors and apology, frequently indistinct print, a game solely for the management and the unions, or can the long suffering readers join in?

Isn't it time management managed and told the employees that if they do not like the way it runs, they should not have joined?

If management cannot manage, why not take the paper off the street and save some of us from high blood pressure?

F. Craig.
2, Oakham Close,
Oaktree Road,
Tilehurst,
Reading,
Berks.

FINANCIAL TIMES

Wednesday August 1 1984

Victoria to take 25% stake in Alcoa project

By Lachlan Drummond in Sydney

A A$1.15bn ($958m) Australian aluminium smelter project, deferred two years ago after A$300m had been spent, is being resuscitated with financial backing from the government of the state of Victoria.

The state's Labor Government will spend A$245m to acquire a 25 per cent interest, making it the largest industrial investment made by an Australian state government.

Alcoa of Australia, an offshoot of Aluminium Company of America, which originally wholly owned the project, will take a 45 per cent interest, while the Korean Hyundai group is expected to take 10 per cent. Ownership of the remaining 20 per cent is not known.

Alcoa deferred development in July 1982 and since then the state government and the company have been attempting to agree terms for resumption of work at the Portland site.

The central point of difference between the two parties was the pricing of electricity to the plant. The government argued for a price sufficient to support the costs of large-scale investment in additional generating capacity, while the company sought a price that would allow economic operation while prices were low.

The result has been a base rate of 2.692 cents per kilowatt hour – significantly more than other smelters are paying rival state governments.

The Victorian Government has agreed to meet a A$160m penalty payment imposed by the state electricity authority for the company's failure to take power from almost custom-built facilities.

Construction will resume in November, generating up to 6,200 jobs over four years and 1,000 permanent jobs.

It is also hoped that the smelter will act as a spur to further private investment in Victoria, which as a big industrial centre has suffered heavy unemployment in the economic downturn. With an election due early next year, the Government will have the powerful political weapon of job creation.

The smelter is to be developed in two stages, with the first of two identical 150,000-tonnes-a-year smelting lines due to begin commissioning in November 1986 and the other to begin operations two years later.

Banks face test over deregulation, Page 14

UK producers less confident on prospects

By Philip Stephens

INDUSTRIAL strife and higher interest rates have halted the trend of rising optimism among Britain's manufacturing companies, the Confederation of British Industry, the employer's organisation, reported yesterday.

The CBI's quarterly survey shows manufacturing companies still expect further improvements in demand and output in coming months, but at a slower pace than at the beginning of the year.

For the first time since early 1983 they are less confident about business prospects than in the previous survey.

The CBI believes much of the decline in optimism might be temporary since many of the 1,685 companies which responded to the survey did so before the settlement of the UK docks strike was in sight.

Mr David Wigglesworth, chairman of the CBI's economic situation committee, said yesterday consultations since the end of the docks dispute suggested most companies still expected the economic recovery to continue into 1985.

Manufacturers had improved capacity utilisation, which is running at the highest level since 1979.

Bonn parliament backs power station start-up

BY RUPERT CORNWELL IN BONN

THE West German Bundestag last night approved the Government's compromise proposals for an immediate start-up to the controversial, brown-coal-fired Buschhaus power station.

That success, due to be ratified by a Cabinet meeting last night, was won only at the price of severe strains in the centre-right coalition. The standing of both Chancellor Helmut Kohl and his struggling Free Democrat (FDP) allies has been damaged.

The five-point peace formula provides for Buschhaus, sited close to the East German border in Lower Saxony, to go on stream without a filter to curb atmospheric sulphur pollution – contrary to a parliamentary resolution of just a month ago.

However, it will now burn less sulphurous brown coal, while a nearby power station will be closed down. According to government figures, that will cut total sulphur dioxide emission in the area around Buschhaus to 120,000 tonnes a year from 145,000 tonnes at present.

When the filter is fitted in June 1987, six months earlier than originally planned, such emissions will fall to below 35,000 tonnes a year, thereafter declining to just 9,000 tonnes in 1993.

The main victim so far of pollution from Buschhaus has been the political atmosphere. That was clear from the irritable mood of the Bundestag yesterday, recalled from recess for an emergency debate for the first time for six years.

The session was directly brought about by the strident complaints of the opposition Social Democrats and Greens, bitter at what they saw as cynical disregard for parliament on the part of the Government. The episode has served to underline the extreme discomfort of the FDP, battling to avoid political extinction.

The party's abrupt volte-face and refusal to sanction the Buschhaus start-up without extra concessions is seen as political opportunism – an attempt to turn the highly emotive environmental issue to short-term political advantage.

Chancellor Kohl's leadership style has also come under renewed fire. Herr Helmut Schmidt, his SPD predecessor, warned him yesterday to stop merely reacting to events "but finally to start governing the country."

That, however, may prove less than simple. The summer squall provoked by the Free Democrats, on whose votes the centre-right coalition depends for a majority, is likely to be a foretaste of others to come when political life resumes in earnest in the autumn.

Indeed, one was already shaping up last night. In sharp contrast to Herr Friedrich Zimmerman, the Interior Minister, Herr Martin Bangemann, the new FDP Economics Minister, gave a warning last night that any lone decision by Bonn to make low-exhaust emission cars compulsory from 1986 might provoke retaliation from West Germany's EEC partners.

Inevitably, the fracas has revived speculation, never really dormant, that Herr Kohl will this year have no choice but to countenance the return to senior Cabinet office of his rival Herr Franz Josef Strauss, leader of the Bavarian-based CSU.

Editorial comment, Page 10

Britain names five candidates for broadcast satellite stake

BY RAYMOND SNODDY IN LONDON

THE GOVERNMENT yesterday named five companies as potential candidates for a consortium to take a 20 per cent stake in Britain's £400m direct broadcasting by satellite (DBS) project.

The companies are: Thorn EMI, the electronics and entertainment group, which is expected to have the largest stake in the consortium; Granada TV Rental, part of the Granada group; Virgin, the record, film and airline group; S. Pearson, publisher of the Financial Times; and Consolidated Satellite Broadcasting.

Radio Tele Luxembourg has a majority stake in Consolidated's ultimate holding company. The Luxembourg broadcasting organisation will not, however, have a direct stake in Consolidated Satellite, which will group independent British producers such as Mr John Gau, Mr Andrew Brown and Mr John Hawksworth. Mr. Jeremy Wallington, managing director of Limehouse Studios, has also agreed to serve as a director.

The companies, which may have to invest more than £80m between them in the project, will make up the "third force" in the overall DBS project. The BBC will have 50 per cent and ITV companies are expected to account for about 30 per cent.

The five were chosen from 17 companies that applied to the Independent Broadcasting Authority, which was given the task of making recommendations to the Home Secretary.

United Cable Programmes (UCP) which runs the first cable television film channel to begin transmission was one significant company to be excluded from the list. UCP's investors include Plessey, Rediffusion, Rank Trident and Visionhire. Another exclusion was Carlton Communications, the video and film production company.

Mr Leon Brittan, the Home Secretary, announced the list in a written answer in the House of Commons. He said he hoped that the companies would take part in the project "subject to the successful conclusion of negotiations between them and the BBC and participating ITV companies and resolution of certain outstanding points."

One of these points is the question of the ownership of Consolidated Satellite Broadcasting.

Mr Brittan said he hoped to be able to approve the structure of the new consortium early in the next session of Parliament.

Troops guard Banco Filipino

BY OUR FINANCIAL STAFF

HUNDREDS of troops and police are to be deployed today to protect bank buildings and customers of the Banco Filipino, the Philippines' largest savings bank, which will be reopening after a nine-day closure.

The bank closed its 89 branches on July 23, saying the central bank had refused it further funds with which to meet a run of withdrawals that started last month. Banco Filipino has 3m depositors.

After a series of sharp exchanges between executives of the bank and central bank officials President Ferdinand Marcos ordered that fresh financial support be provided.

As a result about 3bn pesos ($167m) was made available to the bank from late Monday. Some of the cash had to be airlifted to the more distant branches.

The massive security operation is to protect thousands of Banco Filipino depositors expected to withdraw their savings. Lieutenant General Fidel Ramos, deputy chief of the armed forces and commander of the Philippine police force, said the security was ordered to thwart muggers and pickpockets who could be expected to prey on the customers.

Mr Orlando Samson, senior vice-president of Banco Filipino, said the bank requested additional security, and forces had been guarding the distribution of central bank funds with armoured cars.

Mr Samson asked the police to help protect each of the bank's 46 branches in the greater Manila area. About 600m pesos have now been placed in the coffers of these branches. He expects at least 500 people per branch to withdraw their savings today.

The temporary closure of Banco Filipino was the latest crisis to hit the Philippine banking system. Since the start of the year almost 30 small savings and rural banks have shut down. Of the country's 34 commercial banks 10 are known to be experiencing financial difficulties.

The support for Banco Filipino, the closure of which cast a shadow over negotiations with the International Monetary Fund, leaves the basic problems of the sector unresolved. The proliferation of small, undercapitalised banks remains and the central bank is committed to a policy of trying to weed out the inefficient ones.

BA cuts Atlantic standby fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT IN LONDON

BRITISH AIRWAYS has cut its stand-by fares on routes between the UK and U.S. by up to 18 per cent in an attempt to win more traffic.

The airline describes the cuts as "fine tuning" of the cheap standby rates introduced earlier this summer, but, despite record business, it is probably anxious to fill seats left over after the higher-priced tickets have been sold, in the face of competition from People Express and Virgin Atlantic, the cheap-fare airlines.

Late yesterday, it was unclear whether BA's direct rivals, Pan Am and Trans World, would follow suit, but they seem likely to do so.

The BA cuts mean that a single stand-by fare from Heathrow to New York will now cost £139 ($180) against the original £170; Los Angeles and San Francisco will cost £199 (£230); Washington and Baltimore £159 (£190); Philadelphia £149 (£180); Chicago £189 (£210); Detroit £189 (£205); and Miami £189 (£195).

The cheapest single rate charged by People Express for the flight from Gatwick to Newark, New Jersey, is £113, while Virgin Atlantic charges £119, with a surcharge of £10 at weekends, on the same route. People Express charges extra for baggage and meals, while Virgin does not.

British Airways points out that only a few seats on its flights are available for standby passengers.

The People Express and Virgin Atlantic rates for Gatwick-Newark are much cheaper than BA's new, cheapest standby rate from Heathrow to New York. BA points out, however, that it flies into many U.S. points, and that People Express and Virgin Atlantic passengers going on to other U.S. cities from Newark have to pay extra. The BA standby rates, therefore, might still prove cheaper for many passengers wanting to make direct flights to those destinations.

The big question facing would-be standby passengers on BA or other airlines using Heathrow is that of getting a seat at all.

For sheer stamina, TV wins at the Olympics

By Michael Thompson-Noel in Los Angeles

IT IS said that the great sporting moments are occupying increasingly slender slivers of time – which is why television was invented, which begat "super Slo-Mo" (slow-motion).

To the ABC (American Broadcasting Company), the summer Olympics are the "largest regularly scheduled gathering of mankind." Its International Broadcast Centre at the Sunset-Gower studios in Hollywood is pumping out about 188 hours of adrenalin-drenched games coverage for U.S. consumption alone.

It is a big operation, involving more than 200 cameras (25 at the Coliseum where the track and field events begin on Friday), 2,500 production, engineering and support personnel, and coverage from more than 20 competition sites from morning, noon to night. In addition, the ABC is acting as host co-ordinator to foreign TV organisations that are taking ABC "feed."

The ABC is doing reasonably well – a personal assessment based on a week's intensive training, which incorporated ABC previews and news bulletins before the Games began, plus nightly sledgehammer summaries since Sunday, plus a 15-hour marathon view-in on Monday.

The ABC paid $225m for the U.S. TV rights, which represents a fair-sized portion of the budget of about $500m on which these shoestring games are run.

On top of that, it is presumably forking out large sums of money to maintain its commentators in the luxury to which their celebrity entitles them.

Each of the main venues has its own host and "colour" man, or expert, to call the live action and gush on cue, while the computerised product of two years' research work is available to commentators at the touch of a button.

Some of the ABC commentators belong to the "golly gosh," school of journalism, which finds every particle in the universe truly amazing, and believes the best of everyone.

"This lady is one of the friendliest and most caring people on the team," said a female commentator, as a demented Baby Jane look-alike on the U.S. gymnastics squad launched a terrifying assault which scored 9.75. "Oh gosh – terrific!"

Other members of the commentating team believe it important to shout louder than the commercials (they may well be right) or to lisp about "commitment"; while a select and disappearing breed such as the maligned Howard Cosell, a feisty old warhorse, belong to the Raymond Chandler school of sports journalists – laconic, hardbitten, been-there-done-that, but worth their weight in gold amid the powder puffs.

Gymnastics has enjoyed an extravagantly good run since the Russian Olga Korbut, although lacking the elegance of team mate Ludmilla Turischeva, won gold medals in beam and floor exercises in 1972.

Because of Moscow's boycott, the U.S. gymnastics squad is looking good in California, although finding it hard to combat the magnificent conditioning and precision of the Romanians and Chinese.

The U.S. star of prime time is tiny Mary Lou Retton, 16, a bouncing pixie with a body full of arthritis that creaks when she walks, such is the training she undergoes at the hands of Bela Karolyi, former coach of Nadia Comaneci. Karolyi defected from Russia in 1981.

Mary Lou is magic. She is also a first-rete gymnast – exponent among other arts and graces of the Retton Salto, or Retton Flip, on the uneven parallel bars.

Mary Lou is keen to win a gold. "Oh, gosh – terrific!"

Athens rules out Tornado

Continued from Page 1

pilots used to flying Mirage 1a and F-4s.

The government has come under increasing pressure to make up its mind on the aircraft deal, the biggest purchase by the Greek armed forces, after Turkey's decision this year to spend $4.5bn on buying 160 F-16s.

It seems certain to buy at least one squadron of Mirage 2000s, as much for political as military reasons. The socialists are keen to reduce their dependence on American weaponry.

The feeling in Athens is that there will be a 60-40 American-French split, with the Greek air force favouring the more advanced, but costlier, F-18 Hornet over the F-16.

Greek officials say the country must retain air superiority over its rival Turkey in order to maintain the balance of power in the Aegean.

THE LEX COLUMN

NatWest packs up its provisions

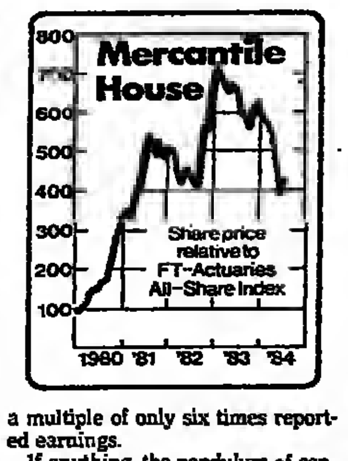
Rights-issue forecasts are made to be beaten – although not by very much – so National Westminster could be relied upon, like any self-respecting issuer, to emerge with interim profits a fraction better than the £285m indicated 10 days ago. But if there was nothing to cause surprise in a pre-tax total of £288m for the six months to June, the figure was put together in a more satisfactory way than most people expected. The underlying trend of earnings in NatWest's domestic operations was strong enough to suggest that it had been giving the other clearers a good run for their depositors' money.

Unlike the Midland, NatWest has evidently been able to permit some genuine asset growth – to the tune of about 5 per cent excluding exchange-rate effects. And it has also been adding current-account customers at what seems a respectable pace, with evident success at piling on the charges; the growth of commission income, much of it domestic, was nearly 22 per cent in the six months. Moreover, the mortgage business – where NatWest has a book of almost £3bn – has started to produce a decent return, generating somewhere between £25m and £30m (against just about nothing a year before).

Partly, no doubt, because it has the profits to allow it, NatWest has not trodden lightly on the bad-debt provisions. Where some slackening might have been expected, specific provisions are running 18 per cent higher than this time last year, apparently reflecting the bank's reassessment of sovereign risks more than anything else. Probably there will have to be more rights issues before the others – Barclays in particular – are able to afford such caution.

Mercantile House

The share price of Mercantile House has taken its fair share of knocks over the past few months, and yesterday's results for the year to April did little to alter the market's current scepticism about financial conglomerates. Pre-tax profits came in 27 per cent higher at £56.9m and the group effectively countered criticism that it was too liberal with its paper by reporting a 20 per cent increase both in the total dividend and in undiluted earnings per share. Yet the price slipped 2p to 280p, at which level Mercantile yields 6.3 per cent and straddles a multiple of only six times reported earnings.



If anything, the pendulum of sentiment may by now have swung too far against the company. The latest figures admittedly highlight Mercantile's sensitivity to interest rates and to general market activity. Oppenheimer made virtually nothing in the final quarter, and it is most unlikely that either of the group's discount house subsidiaries have contributed anything but the most nominal profit during their time in the Mercantile stable. Yet the company is by now sufficiently diversified to provide some protection against difficulties in any single market, while for every activity which looks mature – money-broking being an example – there is another which offers a decent prospect of long-term growth.

Jaguar Cars

By removing the stag from its list of endangered species, the UK Government appears to have given an overdue boost to a flagging privatisation programme. Subscriptions for the Jaguar offer need not arrive until Friday morning, but Hill Samuel, the Government's advisors, has already received enough applications to make it confident of success.

If anything, the Government is running the risk of a dramatic over-subscription. Yet, after the recent string of failures, that must be a sweet pill to swallow. With Telecom to come in the late autumn, the Treasury cannot afford another underwriting debacle of the Enterprise variety and, as Parliament will be in recess when Jaguar begins trading, there can in any event be no repeat of the uproar which greeted the Amersham fixed-price offer.

It seems unlikely, however, that Jaguar will rise to an extravagant sterling premium in early trading. Both the equity market and the dollar exchange rate have admittedly been moving the company's way since the price was fixed at 165p, but a market capitalisation of around £300m should give ample room for scaled-down applicants to pick up stock without driving the price through the roof.

Moreover, no matter how enthusiastic Jaguar (and even Porsche) drivers may be about the offer, the rather humble prospective earnings multiple does no more than reflect the very considerable long-term risks of this investment.

In the immediate after-market, it is difficult to see how a successful applicant will be disappointed, but, over the longer term, Jaguar is an investment only for the big or the bold.

St Regis

The battle over U.S. forest products group St Regis is starting to look like a wonderful example of life imitating soap opera. Everyone who is anyone seems to have taken a predatory bite – Sir James Goldsmith, the Bass Brothers, Jacob Rothschild, Ivan Boesky; plus, of course, latest contenders Rupert Murdoch and rival forest products group Champion International.

The agreed bid from Champion – bigger again than St Regis, with 1983 sales of $4.3bn, against St Regis' $2.8bn – looks fairly formidable, barring any snags on the anti-trust front. But the sums are complex. Mr Murdoch's 50.1 per cent offer is at $55 a share, or if St Regis persists in its $590m thwarting bid for insurance group Colonial Penn, $47 a share. Champion is going for up to 60 per cent at $55½, and the Colonial Penn deal is then to be "closely scrutinised." Early yesterday, the share prices involved seemed to be all over the place – St Regis down $⅝ to $49¾, Champion down $2 to $17¾, and Colonial Penn down $1¼ to $25¼.

The whole saga – greenmail, lawsuits and all – illustrates a central tendency of the U.S. takeover scene, the application of external pressure to a company with under-utilised assets. But there is a less welcome aspect – the vast outpouring of time, money and ingenuity on what smacks more of games play than serious business.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	—	—	Dubrovnik	S	28	82	Malaga	-	—	—	Salzburg	S	31	88
Akrotiri	S	28	82	Faro	S	25	77	Malta	-	—	—	Seoul	F	34	93
Algiers	S	32	90	Florence	-	—	—	Manila	C	32	90	Singapore	T	26	79
Amsterdam	F	26	79	Frankfurt	S	31	88	Miami	S	27	81	Stockholm	-	—	—
Athens	S	29	84	Funchal	-	—	—	Milan	-	—	—	Strasbourg	S	30	86
Bahrain	S	35	95	Geneva	S	28	82	Moscow	C	17	63	Sydney	C	20	68
Bangkok	C	33	91	Gibraltar	S	28	82	Munich	S	29	84	Taipei	C	34	93
Barcelona	-	—	—	Guernsey	S	19	66	Nairobi	C	20	68	Tangier	S	24	75
Beirut	S	28	82	Helsinki	C	21	70	Naples	-	—	—	Tehran	-	—	—
Belgrade	C	28	82	H. Kong	S	33	91	New Delhi	F	31	88	Tel Aviv	S	29	84
Berlin	F	31	88	Innsbruck	S	31	88	New York	S	21	70	Tenerife	-	—	—
Biarritz	C	19	66	Inverness	R	15	59	Nice	-	—	—	Tokyo	S	33	91
Blackpool	F	17	63	Istanbul	F	23	73	Oporto	S	22	72	Toronto	S	18	64
Bordeaux	-	—	—	Jersey	S	20	68	Oslo	-	—	—	Tunis	S	32	90
Brussels	F	28	82	Jo'burg	C	15	59	Paris	S	31	88	Valencia	-	—	—
Budapest	S	29	84	Las Palmas	-	—	—	Prague	S	28	82	Venice	-	—	—
B. Aires	C	15	59	Lima	C	20	68	Reykjavik	C	12	54	Vienna	S	30	86
Cairo	F	31	88	Lisbon	C	26	79	Rio de J'o	C	21	70	Warsaw	F	23	73
Cape Town	S	22	72	Locarno	F	27	81	Rome	C	32	90	Zurich	S	29	84
Caracas	C	26	79	London	C	20	68								
Casablanca	S	23	73	Los Angeles	C	19	66								
Copenhagen	C	20	68	Luxembourg	S	28	82								
Corfu	S	29	84	Madrid	C	35	95								
Dublin	C	18	64	Majorca	-	—	—								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Paris eases exchange controls

Continued from Page 1

48.2bn as of July 19 from FFr 43.1bn at end-June.

The Bank of France has been profiting from the D-Mark's weakness against the dollar and the franc's steadiness within the EMS to top up further its own currency ammunition ahead of possible attacks against the franc when currency markets traditionally pick up steam in the autumn.

The rise in France's overall reserves over the past year or so reflects not only a sharp improvement in the country's current account deficit and speculative reflows of currencies, but also continued heavy borrowing abroad. Latest Finance Ministry figures show, however, a marked slowing in the rise in France's foreign debt in the first six months of 1984, reaching $55.6bn at the end of June, up by only $1.9bn from the start of the year.

M Bérégovoy yesterday termed the ending of controls on credit cards as "an act of faith in the currency." He also announced an easing of restrictions on currency transfers abroad by companies, which in future will be allowed to make foreign transactions of up to FFr 250,000 without going through a bank, compared with the previous limit of FFr 150,000.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday August 1 1984

U.S. Steel recovers but warns of new downturn

BY OUR FINANCIAL STAFF

U.S. STEEL, the country's biggest steelmaker, has continued the trend set by its smaller rivals by announcing a sharp turnround in the second quarter from a $112m loss last time to net profit of $140m.

The latest figure, however, is less than the $171m earned in the first quarter of 1984, and the company warned that a "marked decline in the level of steel orders in recent weeks is expected to result in reduced third-quarter shipments and operating rates." Bethlehem Steel issued a similar warning last week.

The earnings for the latest three months, equivalent to $1.04 a share against a loss of $1.25, take profits for the first six months to $311m or $2.39 a share against a loss of $230m. Sales jumped from $8.2bn to $9.7bn, with a rise from $4.4bn to $4.9bn in the latest three months.

U.S. Steel said all its business segments showed an improvement over the same quarter last year, with total operating income of $472m in the latest quarter, against $306m in the 1983 quarter.

Steel and related businesses reported second-quarter pre-tax operating income of $84m – the highest since the third quarter of 1981 – on $1.6bn in sales, against a loss of $130m on sales of $1.5bn in the comparable period.

Steel shipments rose from 2.8m tons in the 1983 quarter to 3.4m tons, while the plant operating rate soared from 48.3 per cent to 69.8 per cent.

Mr David Roderick, chairman, said the largest increase in steel product shipments was in the sheet and tubular sector. Continuing efforts to improve efficiency and cut costs also lifted operating results.

Mr Roderick added a now familiar refrain by warning that "the favourable effects of these efforts are being diminished by the intolerable level of steel that is being imported into the U.S. market."

Operating income in the oil and gas segments rose from $293m in the 1983 quarter to $347m, on sales up from $2.3bn to $2.4bn.

● Ivaco, the Canadian steel products group, has reported a resurgence in earnings for both the second quarter and the first half. Profits for the quarter were C$11.1m ($8.4m), or 65 cents a share, compared with a loss of C$833,000 last year.

Profits for the half were C$17.5m, or 93 cents a share, against a loss of C$4.9m. Revenues increased from C$194m to C$330m in the quarter and from C$357m to C$619m in the half.

In the past 10 years, Ivaco has become a force in the Canadian steel products market and has bought control of Laclede Steel, an efficient and profitable U.S. steel producer.

Dramatic upturn at Continental Airlines

By Terry Dodsworth in New York

ONLY 11 months after going to the bankruptcy courts, Continental Airlines of Houston has staged a dramatic profits recovery to earn $10.4m in the second quarter of this year.

Although the result includes a $2.3m credit to offset against tax, it was the largest quarterly profit the company had earned in five years, while at an operating level, profits of $27m were the highest in the carrier's 50-year history. Net losses a year ago amounted to $26.5m.

Mr Frank Lorenzo, chairman, said: "We restructured our costs and passed on those cost savings through low, simple fares with full service – and it is a winning combination."

Continental had been struggling financially for several years when Mr Lorenzo decided to go to the courts for protection against creditors while he pushed through an extensive reorganisation.

This restructuring aroused controversy when the group dismissed its workforce, and then took back around half the original staff at about half their original wages.

Sales in the quarter amounted to $281m against $339m, while operating income (revenue less overheads) amounted to $27m against a loss of $14m.

Earnings per share amounted to 40 cents a share in the quarter against a loss of $1.29 a year ago.

BANKS AGREE ON ELECTRONIC PAYMENTS SYSTEM

French cashless finance accord

BY DAVID MARSH IN PARIS

THE MAJOR French banks yesterday wound up 15 months of complex negotiations by agreeing a single country-wide system of electronic banking designed to increase France's international competitiveness in cashless payments technology.

The accord was reached between two groups of banks which, until now, have been rivals in issuing plastic cards for financial transactions – the Carte Bleue network –, which is affiliated to the international Visa system; and the Carte Verte organisation, run by the farmers co-operative bank Credit Agricole.

The agreement, announced at a press conference presided over by top representatives of the country's commercial and co-operative banks, plus the Post Office banks and savings institutions, sets the end of 1985 as the date for full harmonisation of the cashless banking network.

Carte Bleue and Carte Verte are used by 10m holders for a variety of transactions ranging from simple credit card operations and banknote withdrawals to cashless shopping using electronic terminals in retailers taking part in pilot schemes around the country.

Banks will keep separate control of marketing of their individual cards, which will feature a common logo marked by the initials CB for Carte Bancaire and will probably be both blue and green in colour to mark unification of the existing networks.

Technology used in cash dispensers and shopping terminals will be harmonised to avoid expensive duplication.

About 40,000 cashless retailing terminals are currently in operation, a number rising by 2,000 a month.

The banks intend to use the agreement to accelerate development of the French-invented "smart card" – a plastic card embodying a microprocessor with a built-in memory – for a wide range of cashless transactions.

The French state-owned computer company, Bull, and Philips, the Dutch electronics multinational, agreed in February to collaborate on smart-card systems as part of a bid to strengthen efforts to market the technology on foreign markets. French credit cards are being produced with both the traditional magnetic strip and the advanced memory-containing microchip, which is seen by bankers as offering increased security against fraud and other misuse.

M Jacques Mayoux, chairman of Société Générale, the third largest nationalised commercial bank, said that the accord could lessen the use of cheques in the French banking system – a development in recent years which has greatly added to banks' costs.

Earnings boost for Warner Lambert

By Terry Dodsworth in New York

WARNER-LAMBERT, the U.S. pharmaceuticals and health care group, increased its net income by 11 per cent in the second quarter, to $62m or 77 cents a share, from $56m, or 69 cents. Sales rose by 2 per cent from $784m to $797m.

Mr Ward S. Hagan, chairman, attributed the earnings gain to higher profit margins, an increase in domestic sales volume, particularly in ethical pharmaceutical products, and a lower effective tax rate. At the pre-tax level, income rose by only 3.3 per cent from $106.1m to $109.6m.

Like other U.S. pharmaceuticals companies, Warner-Lambert was adversely affected by the strength of the dollar during the quarter. International sales expressed in dollars declined by 1 per cent, but excluding foreign exchange effects, were up by 7 per cent, with all the company's international divisions achieving higher sales

Insurance unit loss hits Xerox earnings

BY OUR NEW YORK STAFF

XEROX, the world leader in the office duplicator industry, suffered a setback in the second quarter because of a sharp downturn into a $15m loss at Crum and Forster, the insurance subsidiary acquired two years ago. Profits from the reprographics and information systems divisions continued to edge ahead, however.

Second quarter net earnings fell by 36 per cent to $96m, as the problems of the insurance industry reversed the fortunes of Crum and Forster, which earned $50m in last year's second quarter.

The insurance subsidiary was hit by an unusual run of bad weather, by severe losses and by the continuation of "grossly inadequate price levels," according to Mr D. Kearns, its presideot and Mr C. McColough, chairman of Xerox. Prices have now been increased.

Net earnings for the first half of the year show a fall of 21 per cent to $222m, or $2.07 a share. The reprographics side has pushed earnings up by 7 per cent for the six months, and the company said that deliveries continued "at a high level", in the second quarter.

Italtel recovery continues

BY ALAN FRIEDMAN IN MILAN

ITALTEL, the Italian state-owned telecommunications equipment maker, continued its recovery with a L16.4bn ($9.2m) pre-tax profit for the first six months. In the same period last year Italtel made a loss of L11bn.

The company last year recovered well, recording at the year's end a L10bn profit on sales of L1.098bn.

Sperry expects $64m tax recovery

By Our Financial Staff

SPERRY, the U.S. computer manufacturing group, expects net income for the year ending in March 1985 to increase $64m or $1.18 a share because of the reversal of some tax liabilities.

This follows a disappointing first quarter for Sperry when the company wrote down by $21.8m its investments in Trilogy, a California-based computer company

Sperry said as a result of the enactment on July 18 of the Tax Reform Act of 1984, it would reverse deferred income tax liabilities of $64m established in prior years for taxes payable on the distribution of earnings of an export sales subsidiary.

Under a proposed accounting rule the reversal of these deferred income tax liabilities will be recognised in the first quarter ending June 30, enabling Sperry to raise reported earnings in that period from 37 cents a share to $1.53 a share.

Earnings rise at Kodak in second quarter

By Our Financial Staff

EASTMAN KODAK, the world's largest photographic products group, has reported a further improvement in earnings, bolstered by higher volume sales and lower silver prices which helped offset the negative impact of the strong dollar on its overseas sales.

Net earnings in the second quarter increased 35 per cent to $229.3m or $1.39 a share on sales of $2.56bn, from $169.4m or $1.02 a share on sales of $2.4bn in the same period last year. Operating earnings increased 43 per cent to $509.8m from $388.6m.

First-half earnings from operations grew 87 per cent to $880.8m

Elkem succeeds with Union Carbide deal

BY OUR FINANCIAL STAFF

ELKEM, the Norwegian metals and mining group, has succeeded after more than three years of intermittent negotiation in reaching agreement to buy two ferro-alloy plants in Quebec from Union Carbide Canada.

The two plants are UCC's Beauharnois plant, which has a yearly capacity of 100,000 tonnes of ferromanganese and silicomanganese, and its Chicoutimi facility which produces 25,000 tonnes a year of ferrosilicon. No price for the transaction has been disclosed, but analysts in Canada gave an estimate of $30m.

The two plants have been acquired by Elkem Metal Canada, a newly established company in which Elkem has 90 per cent and Jebsens, the Norwegian shipping group, the remainder.

Mr Martin Taylor, president of the new company, said the plants would be able to show a "decent return" thanks to Elkem's worldwide ferro-alloy marketing network. Ferro-alloys last year provided NKr 2.7bn ($324m) of Elkem's total sales of NKr 6bn.

In March 1981, Elkem bought five other ferro-alloy plants in Norway and the U.S. from the U.S. Union Carbide group, parent of UCC.

Increase in IBM dividend discounted

By Terry Byland in New York

WALL STREET refused to be impressed by an increase in the quarterly dividend by IBM, which also announced moves to enhance the appeal of its PCjr personal computer.

The stock market had been expecting IBM to increase its quarterly payment and yesterday's announcement that the dividend was going up from 95 cents a share to $1.10 was described as "overdue by about six months" and "only a moderate increase" by analysts of the computer company's stock performance.

The share price edged up by $¾ to $109¼ after the dividend announcement, broadly in line with the trend of the stock market. IBM shares are not bought by investors on dividend yield considerations, but for their growth prospects. Nevertheless, regular dividend increases are regarded as an indication of boardroom confidence in a company's future. IBM's dividend increase is in line with profits growth.

Ivory Coast to seek $113m credit

By Peter Montagnon in London

THE IVORY Coast is to seek a CFA 50bn ($113m) seven-year credit from its commercial bank creditors as part of a package to reschedule debt falling due between December 1983 and the end of 1985.

Basic terms of the rescheduling have been agreed between the Ivory Coast and the steering committee of nine leading creditor banks. They are to be sent shortly to all the country's 350 creditor banks.

The rescheduling will carry a five-year maturity with a grace period of three years before repayments begin. Interest will be charged at a margin of 1⅞ per cent over Eurocurrency rates or 1⅝ per cent over U.S. prime.

But bankers say the total amount of debt to be covered by the rescheduling has still to be worked out by the Ivory Coast in conjunction with its foreign creditors. The total outstanding Ivory Coast debt to commercial banks is generally put at between $2bn and $2.5bn.

Margins on the new money loan are to be the same as those on the basic rescheduling, which covers only medium and long-term debt maturities.

● Syndication of the Eurocredit for Greece's Public Power Corporation started yesterday after lead managers agreed in a small increase in the total amount from $200m to $210m.

The loan is to be offered in the market in transferable form,

INTERNATIONAL COMPANY NEWS

Japanese printing majors well ahead

By Yoko Shibata in Tokyo

DAI NIPPON Printing and Toppan Printing, Japan's two leading printing companies, have reported record profits and sales for the year ended May 31.

Dai Nippon, the largest printing company, lifted pre-tax profits by 8.5 per cent to Y49.2bn ($200.4m) and net profits by 3.4 per cent to Y22.9bn, on sales of Y617.3bn, up by 8 per cent.

Overall sales growth came from a rush in the publication of new magazines and a 30 per cent rise in sales of electronics parts which accounted for nearly 10 per cent of the total.

For the current year, sales are projected at Y656bn—due to higher commercial printing demand and another 30 per cent hike expected in sales of electronics related products. The company is planning to raise capital investment to Y35bn from Y30bn to provide for the expansion of production facilities for electronics related products. This will increase its depreciation burden to Y20bn from Y17bn. Pre-tax profits are targeted at Y51bn, up by 5.5 per cent and net profits at Y23.6bn, up by 3 per cent.

Toppan Printing, the second largest printing company, achieved a 12.8 per cent rise in pre-tax profits to Y34.2bn. Net profits were up by 6.9 per cent to Y16bn and sales came to Y531bn, up 8.9 per cent. As with Dai Nippon, brisk commercial printing orders and a 30 per cent rise in sales of electronics related products were the main elements boosting sales.

For the current year, Toppan expects sales to grow by 8 per cent to Y574bn, centering on commercial printing and electronics products. It plans to expand its capital investment to Y40bn from Y25bn. An increase in depreciation charges from Y16bn to Y20bn is expected

Australian banking is being transformed. Lachlan Drummond reports

Merchants face test of deregulation

THE 50 or more merchant banks in Australia will see their exclusive preserve of the short-term money markets thrown open today to direct entry by their powerful cousins, the trading banks.

This additional competitive pressure combined with the granting of further full banking licences in the near future is expected to bring a rationalisation of the ownership structure of the merchant bank sector, which is rife with multiple shareholdings by local and overseas financial institutions.

The shareholding structure is in part a reflection of the growth and development of the sector from its consortium-based beginnings which has seen individual consortium members establishing free-standing operations without relinquishing past ties.

Local and foreign bank mergers have added further complexities while the Australian Government's foreign investment policies demanding minimum local shareholdings have played their part.

Much of the growth in the past 15 years—the merchant bank sector at A$17bn (U.S.$14.1bn) now accounts for almost 6 per cent of the total assets of all financial institutions—has come from the exploitation of restrictions which until today have prevented the banks taking interest-bearing deposits with a maturity of less than 30 and more recently 14 days.

The lifting of the restrictions leaves the trading banks virtually unfettered in the range of business they can undertake, which spells a more testing and competitive time for the merchants, who, as their numbers suggest, are already well accustomed to fighting for business.

The merchants have had four months to adjust physically and mentally to the new environment and the move has had the ring of inevitability for considerably longer, so no immediate crisis is likely to develop.

As one British merchant banker said: "If they haven't adjusted their loan books by now, they will have problems. But they have certainly had enough time."

The posture of the trading banks, too, will have an important bearing on the capacity of the merchant banks to compete effectively in the balance sheet borrow-and-loan end of the business, and overseas experience and the existing domestic structure suggests there will be life after deregulation for the merchants.

For a start, the effective cost of funds to the banks is greater than market rates would suggest because of the requirement to salt away almost 25 cents in each borrowed dollar to either statutory reserves or liquid assets and government securities (LGS). Also, the extensive branch networks and the massive investment in property and people this represents gives an implied cost to its existing "interest free" deposit base of some 8 per cent.

With this low cost deposit base already in decline, the banks are not expected suddenly to rush headlong to secure every available dollar in the professional money markets.

Adjusting to reality

Equally, the trading banks already have a major presence in the money markets through their own merchant bank offshoots, although they have been restricted to maximum stakes of 60 per cent in merchant banks.

However, through joint venture and consortium operations where they have more than 25 per cent, the big four trading banks — Westpac, Commonwealth, ANZ, and National—already speak for 30 per cent of the $17bn of total merchant bank assets.

In any case, merchant banks generally have been adjusting themselves for the new reality, reducing their reliance on balance sheet-based margin-related business, turning more to endorsed bills and promissory notes as a means of providing funding for clients and developing fee-based services funds management divisions and advisory businesses which require no capital. Most, too, now have foreign exchange trading licences.

One, Hill Samuel Australia, meanwhile is busily transforming itself to gain a full banking licence as Macquarie Bank, to ensure its long-term future as a fully competitive financial services group.

With fee income, competitive advantage and niche development the catchwords for the merchant bank sector, many in the industry believe that numbers will have to shrink, with the old-line consortium merchant banks and the joint venture merchant banks connected with the local trading banks most at risk.

For the consortia questions of ultimate responsibility and commitment, and in some cases head-on conflict, argue against their continuation while for the joint operations the altered regulatory environment, new bank licences, and potential conflicts point to rationalisation of ownership if not shrinkage of numbers.

As examples, Chase Manhattan and Bank of Tokyo are favourites to win banking licences. Chase has two existing joint ventures with the National Australia Bank while Bank of Tokyo has two partnerships, one with Westpac, the other with the State Bank of NSW and two insurance groups.

The ANZ, meanwhile, has four merchant banking commitments. At one, Australian International Finance Corporation, the Bank of Montreal is a 20 per cent consortium member which, since its takeover of Harris Bancorp in the U.S., also has 40 per cent of Rothschild Australia. The ANZ also gained two partnership operations, Delfin-BNY (with the Bank of New York owning 40 per cent) and Japan Australia Acceptances (Dai-Ichi Kangyo 60 per cent). Also, with its recent takeover of Development Finance and its taking over Grindlays it will have 100 per cent of Grindlays Australia.

Corrective action

There are clear signs that uncertainty over the future ownership of such operations is proving damaging in terms of winning or holding clients and in general market confidence, suggesting corrective action is imminent.

An executive with Chase-NBA Group, the main National Australia-Chase operation, said recently: "I was with clients this morning and they said, rightly, the deal looks okay, but who are we going to be talking to in 12 months."

This uncertainty aside, though, the merchant bank numbers continue to swell, with the most recent entrant, Scandinavian Bank, teaming up with local interests to form Scandinavian Pacific.

Indeed, beyond the more irrational and illogical multiple shareholdings, there are strong reasons to believe more entrants will come.

In 1983 the average return on shareholders' funds—excluding subordinated loans—was a healthy 19.7 per cent for the merchant banks.

With these sort of returns even the smallest merchant bank can be operated as a glorified representative office which provides a suitable return on funds and, with a foreign exchange licence, provides a useful time-zone tie-in for an international banking group.

As that same British banker said: "They said 10 years ago there were too many of us and there were only 20 of us then."

JAPANESE COMPANY RESULTS

CITIZEN WATCH
Wrist watches

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	237.7	229.85
Pre-tax profits (bn)	13.9	14.1
Net profits (bn)	9.08	8.2
Net per share	41.75	29.32

JAPAN LINE
Shipping

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	256.84	345.11
Pre-tax profits (bn)	†22.22	†16.6
Net profits (bn)	†16.79	†9.62
Net per share	21.58	13.92

(† loss)

JAPAN STEEL WORKS
Steelmaker

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	137.8	166.1
Pre-tax profits (bn)	†3.15	7.76
Net profits (bn)	†1.65	1.87
Net per share	—	5.49

(† loss)

KAWASAKI HEAVY INDUSTRIES
Heavy machinery, robotics

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	820.39	811.28
Pre-tax profits (bn)	†10.68	†4.29
Net profits (bn)	†3.6	†4.85
Net per share	†2.72	†3.66

(† loss)

KOBE STEEL
Steelmaker

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	1,293	1,218
Pre-tax profits (bn)	†9.84	11.53
Net profits (bn)	†8.7	11.91
Net per share	†4.29	5.86

(† loss)

KONISHIROKU PHOTO INDUSTRY
Film, photo-sensitive materials

Year to	Apr '84 Y	Apr '83 Y
Revenues (bn)	334.43	309.18
Pre-tax profits (bn)	18.12	23.74
Net profits (bn)	10.48	12.67
Net per share	41.91	52.15

MITSUI ENGINEERING AND SHIPBUILDING
Heavy machinery

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	312.68	—
Pre-tax profits (bn)	7.59	—
Net profits (bn)	3.61	—
Net per share	5.81	—

* First year of consolidated results

MITSUI OSK LINES
Shipping

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	522.34	578.32
Pre-tax profits (bn)	5.12	12.32
Net profits (bn)	2.22	5.81
Net per share	2.73	7.30

NIPPON KOKAN
Steelmaker

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	1,409	1,564
Pre-tax profits (bn)	†10.22	16.9
Net profits (bn)	†10.34	26.1
Net per share	†3.31	8.4

(† loss)

NIPPON STEEL
Steelmaker

Year to	Mar '84 Y	Mar '83 Y
Revenues (tr)	2.83	2.89
Pre-tax profits (bn)	4.7	13.75
Net profits (bn)	1.08	35.7
Net per share	.16	5.42

NIPPON YUSEN KK
Shipping

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	780.75	815.99
Pre-tax profits (bn)	13.49	17.02
Net profits (bn)	13.43	17.51
Net per share	15.41	20.11

NISSHIN STEEL
Steelmaker

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	384.71	380.75
Pre-tax profits (bn)	8.63	4.92
Net profits (bn)	1.95	3.97
Net per share	2.44	4.85

SUMITO METAL INDUSTRIES
Crude steel producer

Year to	Mar '84 Y	Mar '83 Y
Revenues (bn)	1.163	1.371
Pre-tax profits (bn)	†6.8	49.59
Net profits (bn)	†9.68	32.43
Net per share	†3.72	12.47

(† loss)

NORTH AMERICAN QUARTERLY RESULTS

AMERICAN BRANDS
Tobacco products

Second quarter	1984 $	1983 $
Revenue	1.68bn	1.72bn
Net profits	95m	90.2m
Net per share	1.84	1.56
Six months		
Revenue	3.51bn	3.5bn
Net profits	201.8m	187.2m
Net per share	3.50	3.23

BRITISH COLUMBIA TELEPHONE
Telecommunications

Second quarter	1984 C$	1983 C$
Revenue	284.7m	268.7m
Net profits	20.8m	24.2m
Net per share	0.40	0.55
Six months		
Revenue	563.5m	530m
Net profits	38.4m	43.7m
Net per share	0.73	0.96

CENTEL
Telephone services, electric utilities

Second quarter	1984 $	1983 $
Revenue	350.7m	310.4m
Net profits	30.38m	28.11m
Net per share	1.09	1.03
Six months		
Revenue	695.5m	595m
Net profits	58.59m	54.63m
Net per share	2.13	2.00

COLGATE-PALMOLIVE
Household, health care products

Second quarter	1984 $	1983 $
Revenue	1.28bn	1.23bn
Net profits	54m	59m
Net per share	0.66	0.68
Six months		
Revenue	2.52bn	2.43bn
Net profits	100.8m	112.8m
Net per share	1.34	1.36

GOTAAS-LARSEN
Shipping

Second quarter	1984 $	1983 $
Revenue	46.6m	36.5m
Net profits	6.9m	0.2m
Net per share	0.63	0.02
Six months		
Revenue	88.5m	66.7m
Net profits	13.2m	1.5m
Net per share	1.20	†0.14

† Loss

JOHNSON & JOHNSON
Toiletries, medical products, drugs

Second quarter	1984 $	1983 $
Revenue	1.55bn	1.51bn
Net profits	120.8m	141.5m
Net per share	0.63	0.74
Six months		
Revenue	3.07bn	3.02bn
Net profits	269.8m	273.7m
Net per share	1.41	1.44

LAFARGE
Cement, ready-mixed concrete

Second quarter	1984 $	1983 $
Revenue	254.9m	242.3m
Net profits	7.5m	3m
Net per share	0.18	0.10
Six months		
Revenue	408.7m	385m
Net profits	†12.8m	†22.4m
Net per share	†0.38	†0.70

† Loss

SOUTHLAND
Convenience store operator

Second quarter	1984 $	1983 $
Revenue	3bn	1.93bn
Net profits	58.5m	34m
Net per share	1.25	0.91
Six months		
Revenue	5.87bn	3.64bn
Net profits	72.7m	41.7m
Net per share	1.55	1.12

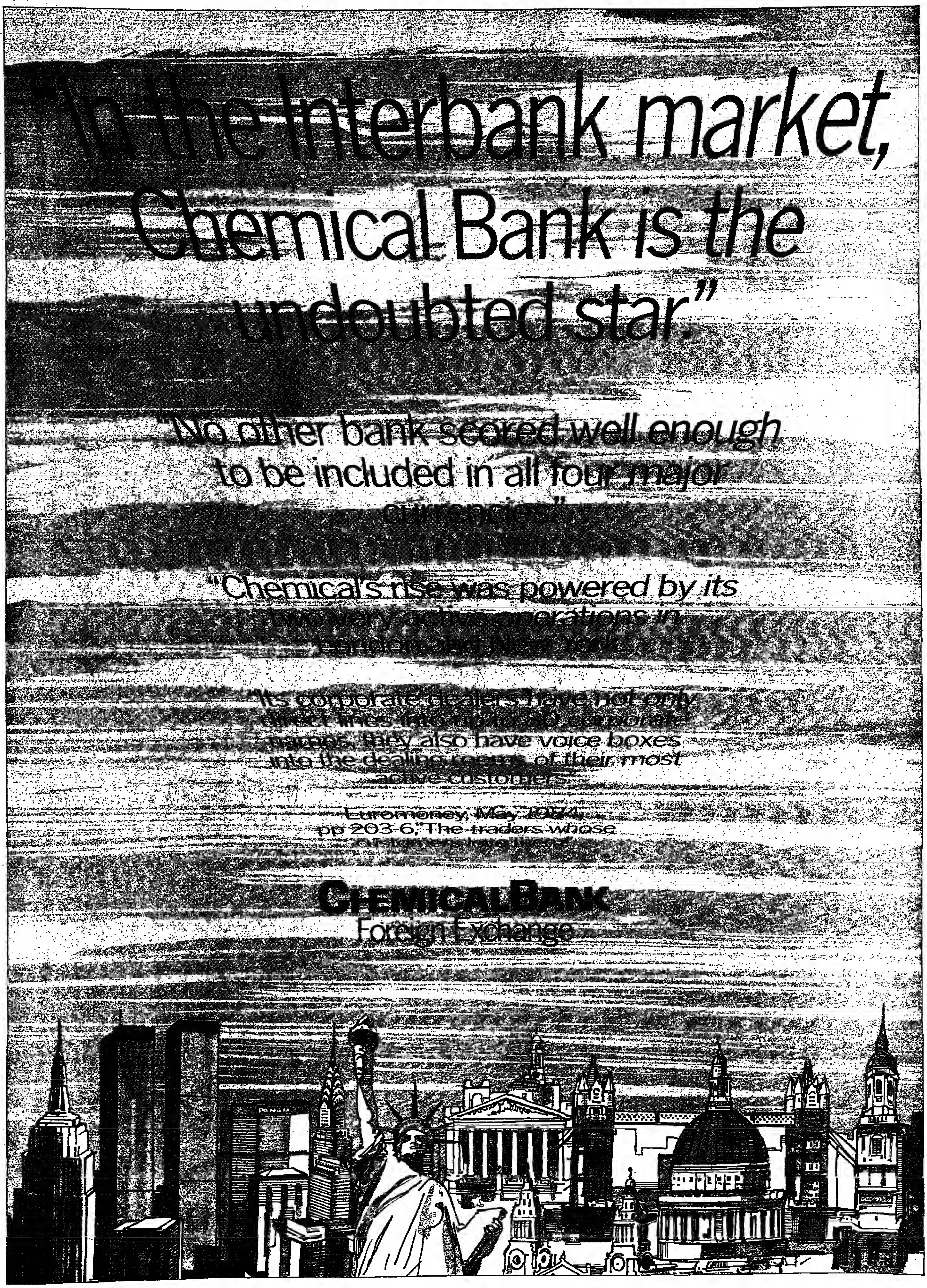
TURNER BROADCASTING SYSTEM
Telecommunications

Second quarter	1984 $	1983 $
Revenue	78m	60.5m
Net profits	8.1m	4.25m
Net per share	0.4	0.21
Six months		
Revenue	133m	106m
Net profits	2.8m	6.29m
Net per share	0.14	0.21

WORLD AIRWAYS
Passenger carrier

Second quarter	1984 $	1983 $
Revenue	84.5m	62m
Net profits	500,000	†12.2m
Net per share	—	†1.24
Six months		
Revenue	148.5m	107.8m
Net profits	†7.1m	†27.5m
Net per share	†0.72	†2.80

†Loss


"In the Interbank market, Chemical Bank is the undoubted star."
"No other bank scored well enough to be included in all four major currencies."
"Chemical's rise was powered by its two very active operations in London and New York."
"Its corporate dealers have not only direct lines into up to 80 corporate names, they also have voice boxes into the dealing rooms of their most active customers."
Euromoney, May 1984, pp 203-6, "The traders whose customers love them"
CHEMICALBANK
Foreign Exchange

UK COMPANY NEWS

NatWest on target with £58m rise

IN LINE with the figure of around £285m predicted earlier this month, at the time of the £236m rights issue, National Westminster Bank raised pre-tax profits from £230m to £288m in £230m to £288m in the first half of 1984. Contrary to expectations, however, the bad and doubtful debt charge increased from £135m to £160m.

As forecast, the net interim dividend is lifted from 11.4p to 12p on shares already in issue—those ordinary shares to be issued as a result of the rights issue will not rank for this payment—last year, a total of 31.2p was paid on £503m pre-tax profits.

The increased bad debts charge reflects continued uncertainty in trading conditions, both at home and abroad, the board explains. The charge was made up of specific provisions — domestic £87m (£77m) and international £52m (£24m), and general provision £41m (£34m).

Lord Boardman, the chairman, said that the "substantial increase" in specific provisions against losses on international loans was largely due to sovereign risk loans. But he said that no new countries had suffered debt servicing problems since the bank last reported.

The larger provisions reflected the bank's "current perceptions of risks" in its sovereign debt portfolio. The general charge for bad debt also included some provision against sovereign risk loans.

On the domestic front group chief executive Philip Wilkinson said that there were still "lots of problem areas." The number of corporate clients in receivership was "slightly down" on the previous two half years but the level of recoveries was down on the two preceding reporting periods. He was hopeful, however, that the worst was over.

The cumulative bad debt provision of £739m—of which £295m is general provision—represents 1.97 per cent of amounts due from customers compared with £670m (1.94 per cent) at the end of 1983—of which £254m was general provision.

Trading profits from the bank and its subsidiaries increased by £54m to £271m and associates' contributions added £17m (£13m). Tax charge, however, rose sharply from a restated £47m to £132m leaving reduced earnings per £1 share of 64p, against 76p last time. Extraordinary items took £4m (nil) and there were also minorities of £3m (£2m).

Hugh Routledge

Lord Boardman, the chairman of National Westminster Bank, seen in the banking hall of the group's head office

In 1983, as a result of capital allowances for tax in respect of assets leased to customers and fixed assets used in the business for which full provision for deferred tax was not made, the tax charge was reduced by £72m for the half year to June 30.

Comparative tax figures have been restated to reflect the effective tax rate applicable in the whole of 1983.

As a result of the changes in the 1984 Finance Act, £570m of deferred tax has been provided out of accumulated retained profits. The changes also have an adverse impact on the value of the group's tax variable leasing portfolio and £80m is being set aside to cover diminution in value, making a total provision of £650m—as announced earlier this year.

The average base rate for the half year fell to 8.85 per cent (10.39 per cent in corresponding period of 1983), but higher volumes contributed to a 15 per cent increase in net interest income, from £770m to £886m. Total income rose by 16 per cent to £1.37bn (£1.18bn), underpinned by further growth in commission income from £257m to £317m.

Total expenditure was up from £966m to £1.1bn. Operating costs—excluding the provision for bad and doubtful debts—increased by 18 per cent on the first half of 1983 and by 5 per cent on the second half. Staff costs rose by 10 per cent on the first half and 3 per cent on the second half of 1983.

The percentage contribution to profits (before loan stock interest) of each operating division was: domestic banking 59 (35), international banking 28 (50), and related banking services 13 (15).

The domestic banking contribution increased sharply despite a higher provision charge. This performance has been supported by growth in lending, including a strong contribution from the home loans subsidiary of around £25m and a further improvement in commission income.

The related banking services division again made a substantial contribution to group profits, with a performance equal to the second half of 1983.

On a current cost basis, pre-tax profits come out at £244m (£197m). *Last year's figures have been restated by reference to the movement in the UK index of retail prices during the periods, to allow for the effects of inflation.*

See Lex

Mercantile Hse. ahead to £57m and pays more

PRE-TAX PROFITS at Mercantile House Holdings rose from £44.72m to £56.91m in the year to April 30 1984, but Mr R. Barkshire, the chairman, says that current trading conditions continue to affect adversely the group's investment banking and securities trading division.

These conditions are very similar to those existing in the second half of the financial year under review, when the taxable result slipped to £26.4m, against a comparable £31.65m.

Mr Barkshire adds that "under present conditions, the current year has started satisfactorily."

The directors have recommended a final dividend effectively raised by 10 per cent to 5.25p net, lifting the year's total from 10p to 12p.

The 27 per cent increase in profits was achieved on turnover which rose by 59 per cent from £294.67m to £468.32m. In the course of the year the group was reorganised into three divisions rather than the six previously operating, and comparatives have been restated to reflect this.

A divisional breakdown of turnover and taxable profit reveals the following: wholesale broking £119.82m (£91.52m) and £27.06m (£20.38m); investment banking and securities trading £320.48m (£188.91m) and £22.12m (£19.74m); fund management £28.03m (£14.24m) and £9.92m (£6.34m).

The directors state that the new organisation reflects more accurately the different types of business in which the group is involved and most of the opportunities for co-operation and synergy occur within the newly drawn boundaries.

Commenting in detail on the results, the directors state that the wholesale broking division, which incorporates the international moneybroking and U.S. fixed interest broking activities, and the fund management division, which contains Oppenheimer Management Corporation, has achieved good progress with increased profitability.

The investment banking and securities trading division, which comprises Oppenheimer & Co, OpCo proved more resilient than national, Saturo Leasing and Alexanders, encountered more difficult trading conditions.

The tax charge increased from £22.45m to £25.23m, to leave net profits at £31.68m against £22.27m. After an extraordinary debit of £165,000 last time, attributable profits emerged up from £22.1m to £31.68m.

Total dividends took a larger slice at £10.47m against £7.81m, enabling the company to retain £8.92m more at £21.21m.

Earnings per share were 44.25p (36.86p) undiluted, and 41.09p (34.92p) fully diluted.

Total shareholders' funds, including intangibles of £89m (£86m), rose from £131.3m to £174.7m.

See Lex

Macarthys held back by Government price freeze

PRE-TAX profits of Macarthys Pharmaceuticals improved from £4.06m to £4.42m over the 12 months ended April 30 1984 and business in the first few months of the current year has been in line with sales budgets.

Mr A. R. Ritchie, the chairman, says there are recent indications that some modest price increases are coming through into pharmaceuticals and an agreement just reached with the Department of Health should produce improved profitability for NHS dispensing services in the group's retail pharmacies.

Shareholders are told that the 9 per cent increase in profits for the past year must be seen against the background of e Government price freeze on pharmaceutical products since August 1983 and a direct loss in stock values of over £200,000 resulting from enforced price reductions at that date.

He points out that had drug prices been allowed to rise in line with inflation in the past nine months a "significant" sum would have been added to the group's net profits.

Sales volume was maintained in the second six months and turnover for the full year expanded from £265.49m to £280.45m after deducting sales between divisions of £15.26m, against a previous £13.97m—the group is a wholesale and retail chemist.

Pre-tax profits for the second half showed a considerable improvement.

Earnings emerged 2.9p ahead at 24.1p and the final dividend is being lifted to 5.5p (5p) for a total up from 7p to 7.5p net per 20p share.

A divisional breakdown of sales and profits (before management expenses and staff bonus) shows: pharmaceutical manufacturing £5.89m (£5.48m) and £678,000 (£642,000) and distribution £222.47m (£214.1m) and £2.5m (£2.47m); surgical £21.64m (£18.42m) and £937,000 (£792,000); retailing £25.28m (£23.74m) and £689,000 (£600,000) and veterinary £20.42m (£17.65m) and £661,000 (£529,000).

Tax accounted for £1.22m (£1.24m) but below the line extraordinary items added £634,000 (£61,000).

Total borrowings at year-end amounted to £5.44m, a figure "reasonably representative" of the group's normal cash requirements.

Apart from government action on drug prices the group's pharmaceutical distribution business was also adversely affected by an increase in the use of by imported drugs for NHS dispensing purposes. It is hoped that recently-introduced legislation will have the effect of reducing the volume of such imports substantially.

● comment

The pressures on Macarthys — a Government price freeze and cheap drug imports—were clear for all to see and some forecasters were anticipating a profits decline to below £4m for 1983-84. So the group has come through better than expected and it looks as if profits could top £5m this year. The price freeze appears to be thawing here and there — in some instances price rises of 10 per cent have been made (the DHSS watches manufacturers' total returns rather than individual prices). As for imports, which are largely bypassing the traditional wholesalers, Macarthys suspects these will gradually disappear under the combined weight of Government licensing and prescription endorsement. The future looks brighter, though a market which overplayed the negative factors last year is understandably cautious about being caught on the rebound. Still, a p/e of 4 at 141p backed by a near 8 per cent yield, is perhaps playing too safe.

HIGHLIGHTS

Lex looks at the figures from **Mercantile House**, which has reported a 27 per cent profits increase to £57m and looks set for further growth this year. The column then comments on the half-year figures from **National Westminster Bank**, which shows a profit marginally ahead of that forecast with the rights issue a couple of weeks back. The bank is evidently experiencing continued strong growth in its UK business. As acceptance day for the **Jaguar** offer draws near Lex advises investors to apply but cautions against holding for the long term. Finally Lex comments on the tragic farce that surrounds **St Regis** and the strange way in which American takeovers are conducted.

Gt. Western Resources seeks full listing

BY ALISON HOGAN

Great Western Resources is the latest U.S. oil and gas exploration company to turn to the UK investor for funds and seek a full listing on the Stock Exchange.

Brown Shipley is offering for sale 5m shares of common stock at 160p per share. This represents 25 per cent of the equity and will raise £7.15m net of expenses for the company. The funds will be used mainly to finance the development programme of its most promising property, the D. J. Basin in Laramie County, Wyoming.

The company has no debt, low overheads, strong operating cash flow and a low risk profile. The projected cash flow (not a forecast) is for an operating cash surplus of $13.77m, rising to $21.5m in 1986. That puts the market capitalisation of £32m on a multiple of three times the 1985 projected cash flow which amounts to £10.6m sterling.

At the offer for sale price of 160p the shares will sell on a discount to net assets of 27.8 per cent.

Applications lists will open at 10 am next Monday, and dealings are expected to begin on Friday, August 10.

● comment

The oil market is in the doldrums so Great Western Resources has not chosen the best time to launch itself on the stock market. However, it has Brown Shipley managing the issue, still glowing from the success of Petranol. Personnel is all important in small companies such as GWR and the board has a good combined record, chairman Daniel Pena in particular on the financial management side, and non-executive director Bob Dyk on the exploration side. (Dyk has 48 years experience in the industry which includes developing and landing Britain's first North Sea oil). The pricing has been cautious and the 27.8 per cent discount to net assets backed up by sound income prospects and good management, should be sufficient to woo investors back into the sector.

Bootham

The York-based Bootham Engineers group has shown interim pre-tax profits for the first time in four years. The result for the half year to April 30, 1984 was a surplus of £36,000, compared with a £51,000 loss.

Uncertainty over unresolved external industrial relations issues in some of the group's markets has been one factor in the company's decision not to declare an interim dividend, last paid in 1980. The final last year was 3p net.

Alphameric to make USM debut

BY ALISON HOGAN

PHILLIPS & DREW are bringing Alphameric, which manufactures computer peripherals, to the Unlisted Securities Market by way of a placing of 2.7m shares at 95 each giving a market value of £13.4m.

Alphameric has expanded under the management of the Craig-Wood brothers, Douglas and Ian, to a £6m turnover business split roughly two-thirds from its original keyboard design and manufacturing company Alphameric Keyboards and one-third from Bishopsgate Terminals. Bishopsgate produces intelligent colour terminals for use in advanced information systems, including the Stock Exchange's TOPIC system.

The bulk of sales are in the UK (although the company recently sold a terminal system to the Kuwait Stock Exchange). It has a 66 per cent stake in Alphameric S.A. formed with French Government backing and which will begin production in France by the end of 1984.

The placing of 20 per cent of the equity consists of a mix of old and new shares; the new will raise just over £1m for the company. The historic p/e based on pre-tax profits of £857,000 for the year to March 1984, is 23.7, at the placing price.

Dealings are expected to begin on Monday, August 6.

Commercial Union trend lower

LEADING UK composite insurer Commercial Union Assurance Company reports new annual premiums of £29.3m on its worldwide life and pensions business in the first half of this year, against £27.6m in the corresponding period last year. Single premiums in the half year amounted to £45.9m compared with £50.4m.

However, excluding exchange rate movements and the figures from the recent acquisition L'Epargne de France, the underlying trend showed new annual premiums down 5 per cent and single premiums 20 per cent lower.

UK business showed a mixed pattern over the half year. Individual life sales were particularly buoyant with new annual premiums rising 23 per cent from £7.3m to £9m. The withdrawal of tax relief on life premiums in this year's Budget has had no significant effect, to date, on the company's life sales. New annual premiums in the second quarter were similar to those in the first quarter.

The company also did well in sales of self-employed pension contracts, where new annual premiums were nearly 40 per cent up from £800,000 to £1.1m, with the company getting some benefit from the flurry of activity in May on unfounded rumours of a loss of tax concessions.

However, group pensions business was dull for the CU, with new annual premiums declining by more than a third from £7.5m to £4.7m. This resulted in new annual premiums on UK business slipping back 5 per cent overall from £15.6m to £14.8m.

Single premium business in the UK moved ahead 40 per cent from £5.9m to £8.3m, with most of the growth coming from strong sales of linked life bonds.

Life business of the Dutch subsidiary, Delta Lloyd, fell back over the period for both single and annual premium business. However, last year's figures were boosted by certain special features and the underlying trend is upwards.

Improvement at Reed Executive

THE three months to March 31 1984, yielded a pre-tax profit of £294,000 at Reed Executive, giving a total for the new 15-month accounting period of £1.31m, a substantial turnround against the £320,000 loss recorded to January 1, 1983.

The holding company, whose activities comprise employment agents, selection consultants, self-service drugstores and travel agents, says the improvement reflects the recovery in employment agency performance and success in turning Medicare Drug Stores into profit.

The directors recommend a final dividend of 0.5p per share, which, with two interim payments, will make a total for the 15-month period of 1.6p (0.1p).

Comparing the 15-month period to the previous 12 months, turnover advanced to £45.37m (£33.92m). There was no tax charge this time (£28,000). An extraordinary item of £86,000 (£692,000) consisted of profit on the sale of travel agencies against costs incurred in closing employment agency branches.

Dividends absorbed £68,000 (£11,000), after which a surplus emerged of £1.05m, against a deficit of £1.5m.

Earnings per ordinary 10p share were 12.43p, compared with losses of 7.54p.

Profit before depreciation for the 15 months was £2.1m, against £191,000. A depreciation charge of £702,000 (£720,000) and an interest charge of £196,000 (£293,000) were deducted, and exceptional income of £104,000 added from the purchase and sale of a property occupied by Medicare.

A breakdown of the contributions to profit after depreciation shows employment agents and selection consultants at £1.22m (£202,000 loss); self-service drugstores at £203,000 (£204,000 loss) and travel agents at £23,000 loss against a £123,000 loss last time.

Grindlays up to £19m at midway

GROUP PROFIT before tax, but after debt provisions, rose from £17.95m to £19.08m in the six months to June 30, 1984 at Grindlays Bank Group, the wholly owned subsidiary of Grindlays Holdings.

Mr Alec Ritchie, the chairman, comments that the level of new provisions for doubtful debts was similar to last year but there was a "welcome improvement in the level of recoveries achieved from provisions made in earlier years."

Earnings improved in several overseas areas, particularly South Asia, and in the UK.

The tax rate was lower at £9.62m against £10.98m, reflecting the use of tax reliefs from earlier years in the UK.

Group profit after tax and minorities showed an increase of some 38 per cent to rise from £6.78m to £9.39m. After an extraordinary debit of £352,000 (nil), *profits attributable to members* of the parent company came out at £9.04m (£6.78m).

No dividend is being declared for the period (1.25p net), recognising the terms of the agreed proposals for Australia and New Zealand Banking Group to acquire the parent company.

Earnings per share for the period came out at 14.2p, against 10.2p, and 15.6p for the last full year.

● comment

Although there are no out-of-character histrionics, Grindlays has produced a set of interim figures good enough for the shares to make their exit on a brighter note than for some while past. Thanks to some release of earlier UK tax provisions, the tax rate has come down from 61 to 50 per cent, allowing earnings to improve by almost two-fifths. But the trading profit, after static provisions against bad debts, was ahead by a less dramatic 6 per cent, *despite exceptionally good* results from India. Equally lacking in drama, though nonetheless encouraging to Grindlays' incoming proprietor, is the ability to write back more than previously from bad debt provisions—perhaps no more than a valedictory demonstration of past conservatism.

LADBROKE INDEX
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UK COMPANIES

All-round advance lifts Arlington to over £1.9m for year

A PROFIT advance by all divisions of Arlington Motor Holdings enabled the group to lift its pre-tax figures by £855,000 to £1.94m for the year to March 31 1984.

At six months they were some £500,000 ahead and with new car registrations for August being "exceptional" Mr N. C. Housden, the chairman, was confident that shareholders would be satisfied with the year's outturn.

For the 1984-85 year management accounts indicate that this motor dealing group is operating in line with last year.

Mr Housden says the Vauxhall car performance in the market is facing increasing competition but he sees continued scope for growth in all commercial vehicle franchises.

The new bus and coach centre at Brimsdown will provide an additional stream of earnings when fully operational. The chairman believes the remaining group activities will continue their history of growth and profit increase.

Meanwhile, a final dividend of 6p raises the total for 1983-84 by 2p to 8.5p net per 25p share. Earnings improved from 21.3p to 39.1p.

Turnover pushed ahead to £77.91m (£67.21m) and gross profits moved up from £2.27m to £2.97m.

Pre-tax figures were struck after deducting administration expenses of £309,000 (£291,000) and interest of £774,000 (£919,000) and adding in investment income of £8,000 (£9,000) and e £38,000 (£13,000) share of associate profits.

Tax took £181,000 (£126,000) and extraordinary items £128,000 (added £350,000).

The group's balance sheet has been strengthened by an increase in shareholders' funds to £10.63m (£9.39m) and borrowings have been reduced from £4.73m to £4.44m.

● comment

Arlington's 79 per cent increase in pre-tax profits is far better than most motor dealers' recent experience. It reflects the benefit of a turnround at the re-organised heavy truck franchise and an unusually buoyant year for the three auction centres, which were kept busy by the convoys of used cars shunted on to the market by last summer's "A" registration fever. The group does not expect "B" registrations to provide such a bonanza because its suppliers' production has been held up by the West German metal workers' strike. Moreover, it seems unlikely that the Vauxhall Cavalier can maintain its impressive momentum in the face of fleet buyers' growing acceptance of new rivals from Ford and BL. All this points to a less exciting profits growth this year, to around £2m pre-tax, which leaves the shares, up 4p to 142p, on a very undemanding prospective multiple of 3:4, assuming a 10 per cent tax charge. Further ahead, the new Brimsdown bus and coach centre holds out the prospect of capturing servicing business from public operators like London Transport in 1985-1986.

Munton Brothers unable to sustain initial impetus

AN ADVANCE in pre-tax profits at Munton Brothers took the result for the year to April 30 1984 to £644,535, against £615,101 last time. However, the directors remark that the finish was disappointing after an encouraging start to the year, with a halfway result of £387,248.

The manufacturer of clothing says that turnover for the first two months of the current year was some 36 per cent ahead of that for the same period last year, and given this as well as an increased volume of orders, is recommending a final dividend of 1.5p on the enlarged capital for a same-again total of 3p net, as forecast last August at the time of the rights issue.

Turnover rose to £12.59m (£11.69m). There was a tax charge of £207,961 (£83,719) and an extraordinary charge of £55,008 (nil), being the loss on the disposal of the stake in John Beales Associated Companies. Revenue reserves of £311,332 (£133,478) were brought forward.

Dividends absorbed £494,940 (£353,528), leaving revenue reserves carried forward of £197,958 (£311,332). Earnings per ordinary 10p share fell to 2.95p (4.81p).

Plans to reduce stocks and overheads should result in substantial savings this year, the directors say. The bank overdraft has been reduced from some £2m at the year-end to £1.5m by the end of July.

COMPANY NEWS IN BRIEF

Net asset value per 25p share at Edinburgh American Asset Trust declined by almost 6 per cent to 207.3p, as a result of general stockmarket weakness, particularly among small companies, in the six months to June 30 1984.

Revenue was £1.3m (£1.09m). Interest and expenses took £838,000 (£758,000), and tax £186,000 (£151,000). The directors say the net revenue account for the full year is expected to be similar to last time's.

* * *

Net asset value per 50p share of Crescent Japan Investment Trust rose from an adjusted 111.8p to 143.2p in the year to end-June 1984. Net profits for the half year to June 30 doubled to £140,000 after tax of £121,000, against £53000. Earnings per share amounted to 0.42p (0.21p adjusted).

Investment income totalled £362,000 (£223,000) to which interest received added £71,000 (£17,000). Administration expenses accounted for £172,000 (£118,000).

More Company Briefs Page 19

For the half year ended March 31 1984, pre-tax profit at the Scottish Ice Rink Co. (1928) rose to £31,807, compared with £30,026 last time on turnover of £178,557 (£176,152). The skating, curling and leisure facilities company emphasises that the trading profit of £16,807 (£16,531) would have been increased by £17,068 (less VAT) if curling club members had paid their subscriptions. There is again no interim dividend.

The directors hope profitability will be substantially increased during the 1984/85 season, as arrangements have been made to trade throughout the year, instead of on the current eight-month basis.

* * *

Forminster, maker of ladies' and children's outerwear, made up the midway shortfall of £152,000 to finish the year ended April 30 1984 with pre-tax profits marginally higher at £1.63m, against £1.61m. Turnover improved from £15.25m to £15.91m.

After tax of £767,000 (£962,000) earnings per 10p share were up from 12.77p to 18.75p. The final dividend is raised to 3.53p net for a higher total of 5.56p (4.97p).

* * *

Pre-tax profits at Plastic Constructions rose from £88,366 to £120,123 in the six months to March 31, 1984. Turnover was up from £5.19m to £6.13m, and the directors say the increase was mainly on material distribution. First-half tax was £7,500. Due to the continued lack of investment during the period, fabrication sales did not increase proportionally.

Mr H. Aron, the chairman, said in his annual statement that be was optimistic on the economic situation for 1984. In the light of the subsequent problems with which the country has been confronted he now introduces an element of caution but, subject to the increased level of current sales being maintained, an improvement over last year's trading results is still expected. The interim dividend is unchanged at 0.836p net.

* * *

The directors of Pitman have decided not to pay the dividend due on July 31 1984 on the 10 per cent cumulative preference shares of £1 each.

Although recently published preliminary statements showed an improvement on the previous year, cash conservation is still of prime importance, while the company continues its recovery, they say.

* * *

Lyle Shipping will be passing its half-yearly dividend, due for payment on August 31 1984, on its 6.75 per cent cumulative preference £1 shares.

* * *

Memcom International Holdings, electronics filing systems company, brought to the over-the-counter market by an offer for sale by Afcor Investments, made pre-tax profits of £1.22m for the year to April 30 1984—double the August 1983 prospectus forecast of £610,000. A £31,000 loss was made in the previous seven months.

A dividend of 3.5p per share is recommend—0.5p higher than projected. Tax took £513,000 (nil) and earnings per share were 15.6p. Prospects for the current year are favourable.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alm Group	3.85	—	3.85	5.75	5.75
Arlington Motor	6	—	4	8.5	6.5
Bootham ....int.	Nil	—	Nil	—	3
Gordon & Gotch	4.5	Oct	4.5	7.5	7.5
Grindlays ....int.	Nil	—	1.25	—	9.98¶
'Investing in Success' int.	1.26	Oct 1	1.26	—	5.32
Macarthys Pharm.	5.5	Oct 1	5	7.5	7
Mercantile House	8.25	Sept 17	7.5*	12	10*
Munton Brothers	†1.5	—	1.5	3	3
Nat. Westminster ...int	12	Aug 31	11.4	—	31.2
Piccadilly Radio‡ ...int	0.88	Sept 28	1	—	2.25
Reed Executive	0.5	Oct 15	Nil	1.6*	0.1
Richardsons West.	Nil	—	0.1	Nil	0.1
Sekers Intl§	1	Oct 17	Nil	1.35	Nil
David Smith	1.5	Oct 1	1	2.5	3.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Including special payment of 5.6p net. || Corrected. ** For 15 months.

Richardsons Westgarth losses widen to £3.5m

THE LOSS envisaged by Richardsons Westgarth last month for the 1983 year has emerged at £3.5m and the group is dropping out of the dividend list.

The pre-tax deficit was struck after taking account of an exceptional debit of £2.5m which related to losses on the contract for the building of the diving support vessel Orelia at Humber Graving Dock.

Losses for the 1982 year totalled £2.59m and a nominal dividend of 0.1p net per 50p share was paid.

Group turnover for the year under review was little changed at £57.76m (£58.24m). The figure comprised continuing activities £22.79m (£20.77m) with the balance attributable to discontinued activities — the group is on engineer and stockholder.

Trading losses rose from £2.21m to £3m with the continuing activities deficit higher at £307,000, compared with £147,000. Losses of the discontinued activities (£2.69m, against £2.06m) included the exceptional item.

The directors say that although the programme to restore the group to profitability resulted in a "disappointing" financial performance for 1983 the group's reconstruction is now largely complete.

The results for the first half of 1984 will be published in October and the directors hope they will then be able to report further progress.

● comment

Richardsons Westgarth's description of 1983 as "traumatic" is no overstatement considering that the radical rationalisation plan was supposed to lead to near break-even by year-end. But in the wake of the disposal programme of around 10 problem companies, Sir Benjamin Slade, the newly-appointed director, suddenly resigned over a policy disagreement and reduced his indirect stake in the group from almost 15 per cent to 5 per cent. Then, in June, a month after the normal announcement of preliminary results, the company announced that it had suffered a "major loss" during 1983 and that the year's accounts would be deferred. The problem—a one-off—relates to the Orelia contract, where £2.5m of extra costs could not be recovered following productivity problems that were aggravated by an unusually high number of client-requested changes to the vessel. Having taken this exceptional item on the chin, and with the rationalisation largely complete, the current year should contain fewer surprises. The company has still to solve the problems at RW Transmissions and E. Gerald, but basically the rest of the group is now profitable. At 19p the company is capitalised at a mere £2.4m.

BOARD MEETINGS

TODAY

Interims—Braid Group, Ocean Transport and Trading.

Finals—Griqualand Exploration and Finance, Herrburger Brooke, TR City of London Trust.

FUTURE DATES

Interims—

Al Industrial Products	Aug 7
Bairstow Eves	Aug 14
Goode Durrant and Murray	Aug 8
Lowe (Robert H.)	Aug 8
Norfolk Capital	Aug 23
Rea Brothers	Aug 9
Reuters	Sept 12
Rotaflex	Aug 7
Saga Holiday	Aug 29
Finals—	
Ewart New Northern	Aug 8
Firth (G.M.)	Aug 10
GT Japan Investment Trust	Sept 17
ICC Oil Services	Aug 2
Webb (Joseph)	†Aug 9
Wholesale Fittings	Aug 17

† Amended

Caparo owns 29.9% of Fidelity

STEADY PURCHASES of shares in Fidelity, the consumer electronics manufacturer, have given Mr Swraj Paul's Caparo Industries a 29.9 per cent stake—the maximum it can buy without launching a full bid.

"We are resting now," said Caparo's chief executive, Mr James Leek. "We have achieved what we wanted to achieve in the short term." Caparo would its position but planned nothing "dramatic" in the near future, he said.

Mr Edmond Ouaknin, Fidelity's finance director, said no meetings had so far been held between the two companies but that Fidelity expected to meet Mr Paul when he returns from abroad at the end of August.

Telephone Rentals

The Australian associate of Telephone Rentals, the UK communications group, is acquiring a mobile radio distributor, Australian Mobile Two Way Radio Group, for A$2.1m (£1.33m).

The associate, TR Services, is 50 per cent owned by Telephone Rentals with the remainder held by Email, an Australian company. TR Services distributes paging devices.

Murdoch Morrison wins Emray boardroom battle

BY RAY MAUGHAN

THREE NEW directors were appointed to Emray, the vehicle distribution and financial services concern, as the group of investors led by Mr Murdoch Morrison won the crucial proxy battle at yesterday's annual meeting to establish boardroom representation.

"As from today," Mr Lionel Altman, the Emray chairman acknowledged afterwards, "we have three new directors." They are Mr Morrison, who is now amalgamating the Greenfields Leisure and Blacks Camping equipment groups, Mr Ben Anderson with stockbrokers Raphael Zorn, and Mr Edward Denison a Yorkshire lawyer with extensive commercial experience.

Both sides were anxious to patch up the differences which have emerged in the weeks and months since Mr Morrison's faction acquired a 27.6 per cent stake in Emray from Taddale, the property investment group.

The incumbent directors have said in the past that they doubted if they would be able to work "harmoniously" with the newcomers, if elected, but all concerned are now preparing to investigate the "exciting new propositions" which Mr Morrison has said he proposes to introduce to Emray.

No board meeting has been arranged as yet and, in the meantime, the Department of Trade investigation, requested by Mr Altman and his colleagues to examine the circumstances of the Taddale disposal, is still set to start in the near future. Mr Morrison said later that "I welcome it (the investigation) if Mr Altman still wants it."

The newcomers were unable to discuss details of new acquisitions during yesterday's meeting, to the consternation of several uncommitted small shareholders who requested further information before voting on the critical resolutions. But, having established the three seats on the board, Mr Morrison was in a position later to furnish more plans for Emray's future.

The first acquisition is reporting annual profits in the region of £300,000 and is engaged in high technology reprographics. The tax charge is understood to be low and Mr Morrison hopes to be able to complete this deal within the calendar year. The second acquisition is said to be on course for profits of £500,000 this year, should come into the Emray fold next year and is a telecommunications supplier to, inter alia, the Ministry of Defence.

He was careful to stress that all developments would only be undertaken with the commitment of the full board and, in that spirit, Mr Morrison said he would also be recommending further moves by Emray into the financial sector.

These may include self-administered pension fund advice, new schemes for the leasing industry and, perhaps, an eventual move into mainstream investment banking.

For the moment, however, Mr Altman has stressed that "I still lead the team."

A crowded, humid meeting at the Grosvenor House Hotel on Park Lane in London's West End, saw the first three items on the agenda pass without flurry. Sir Leonard Atkinson was re-elected after Mr Altman's massive proxy support. That meant that there was no room on what was to be a nine strong board for Mr Alan Gale, the Taddale managing director, who had put himself forward last week.

But come resolution four onwards, it was clear that Mr Morrison's group had more than a fighting chance of election. Resolution four, calling for an enlarged board of nine rather than six directors, carried 47.33 per cent support against 35.73 per cent. The accompanying poll took two hours to count and Mr Altman heard no objections when he called for adjournment to count the votes on the three following resolutions each picking out Messrs Morrison, Anderson and Dennison individually for a seat.

Each was carried with reasonable, if not outright, majorities and Mr Morrisoo's planning is to be undertaken with the conviction of one who carried 57 per cent of votes cast.

AT share dealings suspended

By Ray Maughan

SHARES IN Associated Telecommunications, the business equipment and financial services group put together by Mr Ronald Shuck, were suspended yesterday at 38p, pending further clarification of the deal struck for the sale of the 39.5 per cent stake in AT held jointly by Mr Shuck and Mr Trevor Homer.

The stake, as previously disclosed, is going to Mr Hendrik van Eck at 48p per share. Mr van Eck developed and will retain AT's North Wales Trust, the finance arm, but the suspension has been requested while Mr Shuck completes the details of his repurchase of the group's business equipment interests.

These details are now expected at the end of this week and at about the same time shareholders in Espley Trust, Mr Shuck's quoted property and construction group, can now expect to receive the audited accounts for 1983. The report and accounts had been originally expected towards the end of June but Mr Shuck said yesterday that they are currently being printed.

NMW Computers

NMW Computers is acquiring 76 per cent of Timon, a software maker and computer distributor in the City of London, in order to broaden its ranga of products.

The deal values the whole of Timon at about £550,000, but the exact price is based on performance. NMW has an option on the remaining 24 per cent.

BIDS AND DEALS IN BRIEF

Habit Precision Engineering announces that acceptances to the offers for **Crosby Woodfield** have been received for over 90 per cent of the issued shares. As at March 30 Habit held 6.9 per cent and acceptances have been received for a further 85.6 per cent.

* * *

The chairman of **P. and W. Maclellan, Mr Christ Howard,** has written to shareholders giving more informatioo re tha purchase of Associated Business Technology and Johnstone Investment Company.

He says that et the half-year stage, turnover of the Maclellan Group had increased by 24 per cent over the comparable period for 1983 to around £4.23m. The half-year figures will be announced earlier than usual as they will be included in the offer document which the board expects to despatch to Johnstone shareholders during August.

The chairman is well pleased with the progress made in the development of the group in the last few months and feels sure that shareholders will be satisfied with the interim results.

* * *

Wolverhampton & Dudley Breweries has purchased for cash **Cheshire Inns,** which has an asset value of £2.15m.

Cheshire Inns operate 14 public houses in the Chester, The Wirral and Manchester areas.

* * *

Powerline International has paid £125,000 for 50 per cant of **Quel,** Bishop Stortford electronic design company of switch mode power supplies.

* * *

Cattle's (Holdings), a Hull-based financial services group, has concluded arrangements for ten of its existing insurance broking offices, to be operated as Swinton Insurance franchisea starting August 1. A further Cattle's office has been purchased by the Swinton Group.

"We believe that as well aa improving the overall profitability of our insurance activities, the link with Swinton will provide our existing clients with a wider-based spread of insurance and personal and corporate financial advice," says Mr Roy Waudby, chairman of Cattle's.

Under the terms of the franchise scheme, all branches will trade under the corporate name of Swinton Insurance.

Based in Manchester, the Swinton Group will provide management for the Cattle'a branches and will immediately install its own operating systems. Part of this will be a computerised quoting system for motor insurance, developed by Swinton.

* * *

Jefferson Smurfit Group has reached agreement with the shareholders of **Woodfab,** private timber processing company, to purchase a further 25 per cent stake in the company giving it a controlling 51 per cent interest.

* * *

The **Stewart Nairn Group** has acquired a 17.52 acre retail site in Dallas, Texas, for $4.4m (£3.37m). The site has been independently valued at $6.1m (£4.7m). Stewart Nairn intends to develop the property as a retail centre.

* * *

Sun Alliance and London Insurance group yesterday bought 400,000 shares in **Phoenix Assurance** at 630p each.

* * *

Samuel Montague and Co has acquired 4.09m ordinary shares (approximately 14.1 per cent) in **Amari** as a result of Montagu underwriting the recent offer for sale of 12.61m ordinary and the issue's subsequent under-subscription.

* * *

The **AE Group** has acquired the bridge products activities of Sollinger Hütte of Uslar, West Germany. The activities have been put into a new company, Glacier GmbH Sollinger Hütte (GSH) and will become part of AE's bearing division.

* * *

J. & J. Dyson has sold 37.5 per cent interest in H. Newbury & Son (Builders) to Bovis Homes for £475,000. In addition, an amount of £383,000 owing to Dyson by Newbury will be paid in four stages.

* * *

Shares and rights in **Wedgwood Holdings** over shares held in discretionary investment portfolios managed by, or on advice from, Warburg Investment Management (including investment portfolioa held for their own account by members of the Mercury Securities Group), have been increased by 92,500 shares and now represent 5.67m shares (15.01 per cent).

* * *

Immediate Business Systems, a loss-making manufacturer of portable computerised billing systems, is holding preliminary discussions with another party, but says it is impossible to say whether the talks will result in an offer being made to shareholders.

The USM-quoted company made its statement yesterday after a sharp rise in its share price, which closed at 43p, up 13p, valuing the company at £2.9m.

* * *

Aim Group, aviation and general engineer, lifted pre-tax profits from a depressed £447,000 to £1.16m in the year to April 30 1984, on turnover of £13.22m, against £10.93m.

The final dividend is 3.85p for an unchanged total of 5.75p net. Earnings per 10p share were up from 2.1p to 7.9p. Tax took £329,000 (£229,000) and there were extraordinary charges of £164,000 (£29,000 credits).

* * *

The board of **English Property Corporation** intends to convene a meeting of holders of the 7½ per cent first mortgage debenture stock 1992-97, who will be asked to give their consent by extraordinary resolution to repayment of the stock at par on October 1, 1984.

At present, £574,625 of the stock is outstanding.

* * *

Mintinex, previously a holder of 620,000 shares (11.2 per cent) in **Reliant Motor,** no longer has a notifiable interest in the company following recent disposals.

* * *

Mr Nazmu Virani's **Belhaven Brewery** has disclosed a 13.5 per cent holding in Dublin-based **Ryan Hotels.** Mr Rhod Jones Belhaven finance director declined to comment yesterday on the purpose of the share purchase. Ryan shares rose 1p to 14p, valuing the company at £4.9m.

Last week, Belhaven granted an option on a stake in Rowton hotels to another Asian hotelier Mr Nurdin Jivraj.

* * *

Foster Brothers Clothing West Midlands clothier and retailer, has acquired **Peter Richards,** a Cheltenham-based chain of 29 women's wear shops in the Midlands and West of England. Peter Richards was bought for a nominal sum

Foster plans to inject capital into the business with the ultimate aim of developing a nationwide chain. The Cheltenham company also has a majority stake in Christopher Carpets which has 14 shops.

MONTHLY AVERAGES OF STOCK INDICES

	July	June	May	April
Financial Times				
Government Securities	73.78	78.80	79.72	82.30
Fixed Interest	81.27	80.82	84.46	85.69
Industrial Ordinary	787.3	824.0	870.5	881.1
Gold Mines	636.1	668.5	647.6	670.2
Total Bargains	17,622	18,694	22,025	25,407
F.T.—Actuaries				
Industrial Group	469.19	510.09	610.09	618.71
500 Share	614.00	†538.18	562.20	568.66
Financial Group	367.32	360.22	372.43	389.46
All-Share	469.19	492.61	614.13	524.28
FT-SE 100	1014.1	1052.7	1092.0	1112.0

	July High	July Low
Industrial Ordinary	834.1 (4th)	725.3 (23rd)
All-Share	487.94 (4th)	464.84 (24th)
FT-SE 100	1063.3 (4th)	896.0 (23rd)

UK COMPANY NEWS

MINING NEWS

Temora's size being assessed

BY KENNETH MARSTON, MINING EDITOR

THE Australian Seltrust Holdings, 75 per cent-owned by British Petroleum, hopes in the current quarter to be able to estimate the tonnage and grade of the mineralisation at its Temora gold prospect near Wagga Wagga in New South Wales.

Drilling during the past three months has given results in line with those previously announced which point to the existence of a good grade open-cut gold mining proposition. The intriguing question remaining to be answered, however, is the likely size of the deposit.

Seltrut has a stake of 56.25 per cent in Temora and a further 18.75 per cent is held by AIH Gold, a wholly-owned BP subsidiary. The remaining 25 per cent is held by a private Australian group and two junior Australian companies, Samantha Exploration and Samson Exploration, intended to purchase this for A$3m (£1.9m).

However, the latter have said that the BP-Seltrust consortium has announced its intention of exercising its pre-emptive right to acquire this outstanding stake in Temora.

The junior companies have complained that such action would contravene Australia's foreign investment guidelines. BP has noted, however, that it would have to seek an Australian partner in the event of mining the deposit.

Of further interest in Seltrust's latest quarterly report is the news that masive and disseminated nickel mineralisation has been located at shallow depth 3 km to the north of the 60 per cent-owned Agnew nickel mine in Western Australia. Percussion and diamond drilling is being carried out to determine the extent and economic potential of this mineralisation.

Banks to foreclose on Marinduque mortgage

THE LOSS-MAKING Marinduque Mining and Industrial Corporation which has nickel and copper mining installations in the Philippines, says that the Philippine National Bank and the Development Bank of the Philippines are to begin foreclosure proceedings on their mortgages over Marinduque's assets.

The company has asked the American Stock Exchange to halt trading in the class "B" stock until more definitive information is available. It has also asked trading to be suspended in the class "A" and "B" stock on the Manila and Makati stock exchanges.

Marinduque is hoping to reach some arrangement with its creditors which will allow operations to continue despite the foreclosure, but cannot give any assurance that this can be done. The banks, meanwhile, have said that foreclosure is the only option that would adequately protect their rights.

As already reported, the company suffered a net loss of US$60.7m (£45.6m) in the first quarter of this year. This included interest charges of around US$45m plus costs of US$14.2m arising from the closure of the nickel and copper operations, a move which was forced by low metal prices.

Meanwhile, Leo Gonzaga reports from Manila that President E. Marcos has given the Ministry of Trade and Industry the power to decide which of the country's copper producers are "in distress" and allow them a temporary relief from all taxes, duties, fees and other Government charges.

When the Ministry is satisfied that market conditions have improved sufficiently, however, the relief will be lifted and a company will then have to pay the deferred liabilities including a recently imposed 30 per cent economic stabilisation tax (based on the difference between the old and new peso-dollar guiding exchange rates) on export earnings.

MINING NEWS IN BRIEF

High value gold drilling results are reported by Brunswick Oil from its Galtee More prospect at Mount Magnet in Western Australia.

"Significant" gold intersections were obtained in 42 of the 66 holes drilled, it is stated, with results ranging to 16.16 grammes per tonne over a width of 32 metres.

The potential is thought to exist for a similar size and grade of gold deposit as that at the Hill 50 mine, according to Mr Tony Rechner, the chairman of Brunswick Oil.

* * *

Queen Margaret Gold Mines and Spargos Exploration say that thei ntersection of further high grade mineralisation at their Bellevue joint gold prospect in Western Australia confirms that the mine "contains an underground orebody of major significance."

A final feasibility study has started and further drilling will continue with the object of increasing the ore reserve to 1.5m tonnes initially and to 2m tonnes within the next two years.

In London yesterday shares of Queen Margaret rose 3½p to 18p and those of Spargos were 6p up at 29p.

* * *

Following the better than expected results from the Rio Tinto-Zinc group's Hamersley Holdings another pointer to the reviving demand for Australian iron ore comes from CSR.

nI the latest quarterly report it is stated that output at the big Mt Newman mine in Western Australia during the past three months was 37 per cent above the depressed level of a year ago, but still below the rates achieved in 1981 and 1982.

Scanro dealings expected to start at end of month

Grieveson, Grant expects dealings to start in the shares of Scanro Holdings, a major manufacturer of windsurfing boards, on August 31.

The shareholders of Extract Wool holdings will vote at an EGM on August 22, for the company which has not traded for several years and is a subsidiary of Le Vallonet, a Jersey based investment trust, to acquire Scanro and adopt its name.

Scanro is based in Newcastle and managed by Arne Bergbrant, a Swede, who started the busines in 1981. Scanro has received capital from DNA, a Jersey based investment company which is expected to hold 50 per cent of the share capital after the placing. Le Valonet will hold 29 per cent.

Scanro presently exports 70 per cent of its turnover. The market is growing rapidly both in the UK, at an estimated 60 per cent per annum and overseas including North American at over 100 per cent per annum.

The board of Scanro has been strengthened prior to joining the USM, with the appointment of David Sawyer as non-executive chairman and Geoffrey Simon, both directors of Trent Holdings an dwho were instrumental in bringing Scanro and Le Valonet together.

The placing price of the 282,000 new shares of Scanro Holdings at 105p will give a prospective PE of 12.8 times on a notional 46.25 per cent.

Scanro forecasts pre-tax profits of £410,000 for the year to December compared with £81,400. The dividend will be 5 per cent.

Underlying growth keeps Gallaher steady at £55m

A SMALL DECLINE in pre-tax profits from £55.9m to £55.4m has been shown by Gallaher for the first half of 1984. Mr S. G. Cameron, chairman, says however that full year results are expected to be ahead of the £101.1m achieved for the whole of 1983.

In the second three months pre-tax profits fell from £25.9m to £18.5m.

Mr Cameron points out that the fractional decline in pre-tax profits still represented a considerable achievement as 1983 included substantial back payments to the optical sector from the DHSS relating to work done in the four previous years. Excluding these, group profit was up 10 per cent for the half year.

A breakdown of turnover of £1.36bn (£1.25bn) excluding VAT, and trading profits of £60.8m (£61m) for the first half by division shows: tobacco £999.4m (£933.7m) and £43.7m (£40.9m); optical £48.3m (£47.7m) and £7.3m (£12.6m); engineering £56m (£48.2m) and £3.9m (£3m); distribution £281.7m (£250.3m) and £3.2m (£3.6m); office products £36.6m (£31.2m) and £1.9m (£0.7m); housewares £5.5m (nil) and £0.5m (nil). Interdivisonal sales accounted for £71.4m (£60.7m) and adjustments of foreign currency transactions came to £0.3m (same).

After a strong start, tobacco sales in the home market in the second quarter were affected by the sharp increase in duty, but Mr Cameron says a gradual recovery is now under way. Market share continued to improve in virtually all sectors, with Benson and Hedges Special Filter, Silk Cut and Hamlet doing particularly well.

The company is a subsidiary of American Brands.

Results from engineering were ahead by 30 per cent. Pump and valve markets in the UK and abroad continue to recover. Particularly good progress was made in the U.S. and in Africa, although major West African markets are constrained by financing problems.

The Italian company FIP has achieved sales gains, but profits have been held back by strong price competition

David Smith improves in second half

SECOND-HALF progress at David S. Smith (Holdings) exceeded that in the first, giving a turnround to operating profits of £150,941 for the year to April 30 1984, against a loss of £83,860 last time.

This, together with investment income of £74,525 (£154,383), enabled the photolitho printed packaging material manufacturer to cover the £201,188 costs of a reorganisation, leaving a pre-tax surplus of £24,278 compared with £120,523 a year ago.

At halfway, the company returned a pre-tax loss of £152,000 (£210,000 profit).

The directors propose a final dividend of 1.5p (1p), making a total for the year of 2.5p (3.5p).

Turnover rose to £5.4m (£4.82m).

Littlewoods checks falling profit trend

THE FALLING profits trend at the Littlewoods Organisation has been halted and Mr John Clement, the chairman, says the group is now in a far healthier position to meet the demands of the future.

By reducing costs and making the business more effective pre-tax profits for the 1983 year surged from a depressed £9.8m to £26.9m.

At the trading level the chain store activities swung from losses of £10.7m to profits of £8.5m, the mail order operations made £5.2m more at £15.8m and the pools division edged ahead from £10.9m to £11.2m.

In a message to staff he says the signs are that the changes which have taken place during the past year are working and indications for the future "give us hope."

He emphasises that this is only the beginning and that "we have to build on what we have achieved so far."

Retail sales for the year were unchanged at £1.16bn. These broke down as to mail order £698m (£703m) and chain store £463m (£453m). Pools division sales rose by £5m to £370m.

Pre-tax profits were struck after taking account of a £7.5m provision for future costs.

Tax and extraordinary items accounted for £10.4m (£0.5m), dividends took £1.6m (£1.7m), and £14.9m, against £7.3m, was reinvested in the company.

It was the first time the group had given a break-down of its trading profits. Its shares are unquoted.

COMPANY NEWS IN BRIEF

PRE-TAX profits for the year to March 31 1984 fell from £1.13m to £822,000 at Gordon & Gotch Holdings, the exporter of publications and provider of computer services.

The second half was lower than expected, and followed a result to September 30 of £644,000. The final outcome was affected by doubtful debt provisions of £660,000 required by the joint venture company Hachette Gotch, mainly relating to the political situation in Nigeria.

The directors recommend a final dividend of 4.5p, making a same-again total of 7.5p for the year, to be paid partly out of reserves.

The turnover of £13.55m excludes goods ordered on behalf of and for the account of overseas principals. The 1983 figure of £13.27m is re-stated for comparison purposes.

The tax charge was £689,000, against £515,000 last time, reflecting an absence of relief for losses in the joint venture against other group profits.

Group trading profit was recorded as £138,000 (£511,000). Extraordinary items took £63,000 (£241,000). Dividends absorbed £343,000 (unchanged). Earnings per ordinary 25p share fell to 2.91p (11.19p).

* * *

Pre-tax profits at Stavert Zigomala, a Manchester-based furniture wholesaler and investment company, advanced from £41,126 to £47,488 in the year to March 31, 1984. The dividend is raised from 6.72p to 7.28p net.

After tax up from £11,969 to £12,749 and depreciation and amounts written off, £4,734 (£8,059), the net consolidated profit came out at £34,739 (£29,157). Holding company net profit was £21,707 (£19,959) after tax of £8,649 (£8,340).

* * *

Net asset value per 25p ordinary of Ailsa Investment Trust moved up by 13.4p to 92.9p over the 12 months to the end of May 1984.

Pre-tax revenue, however, fell from £2.04m to £1.03m after a fall in investment holding to £1.34m (£1.59m) and an underwriting loss of £310,000 (profit £445,000).

The final dividend is being reduced from 1.15p to 0.8p, making a lower total payout of 1.3p (1.85p). Earnings per share declined to 1.42p (2.26p) after tax of £294,000 (£887,000).

* * *

The half-year to June 16, 1984 has seen a return to profit at United Glass Holdings, which reported a £649,000 pre-tax profit compared to a £4m loss at the same stage of last year. The company finished 1983 with a £14.44m loss.

Sales for the opening period rose to £90m (£67.86m), reflecting price increases rather than volume. Trading profit was £2.81m (loss £1.38m). Redundancy payments and other facility closure costs took £368,000 (£373,000), and interest £1.8m (£2.24m).

The company, jointly owned by Distillers and Owens-Illinois of the U.S., attributes the turnround to rationalisation, better productivity and cuts in overhead costs.

* * *

Net asset value per 25p deferred share of the River Plate & General Investment Trust rose from 208.4p to 215.7p over the year to June 30 1984. At December 31 1983 the asset figure stood at 211.8p.

Net revenue for the first six months to end-June 1984 declined from £460,191 to £408,546 despite a £53,044 reduction in tax to £180,968. Gross revenue fell from £798,739 to £767,464.

Earnings per share emerged at 2.58p (2.9p) but the net interim dividend is being lifted from 1.4p to 1.7p, partly to reduce parity between payments. A final of at least last year's rate of 4.8p is expected to be paid.

APPOINTMENTS

United Kingdom

Senior positions at Mercury Securities

Lord Roll of Ipsden, who did not seek re-election as a director at the annual meeting, has been appointed president of MERCURY SECURITIES in succession to Mr H. Grunfeld. Following the annual meeting Mr D. G. Scholey has been appointed chairman. Lord Garmoyle and Mr H. C. van der Wyck have been appointed additional vice-chairmen and Mr M. B. G. Gore has become a director.

★

Mr Andrew Baldwin has joined the board of INBUCON INTERNATIONAL as director of international operations. He was with P A Management Consultants.

★

The SWINDON GUIDEX GROUP has made three main board promotions. Mr John Seaior Stern became group deputy managing director and remained managing director of Swindon Letter File. Mr John Morris, formerly director and general manager of Guidex, became managing director and Mr Michael Calverwell, formerly director and general manager of Advance Stationery, creative arm of the Swindon Guidex Group, also became managing director.

★

Mr Denis Child, of the National Westminster Bank, has been appointed deputy chairman of the executive committee of the BRITISH BANKER'S ASSOCIATION. He succeeds Mr Michael Thompson, of Lloyds Bank, who remains a member of the executive committee.

★

Following the retirement of Mr Francis Showering, the new chairman of HARVEYS OF BRISTOL is Mr Michael Jacka man, chairman of SVPW.

★

Mr Frank Knight has been appointed a director of PACI-TEK INTERNATIONAL after joining just over a year ago from Sprint Productions where he was director and general manager. He now has responsibility for international sales and marketing.

★

Dr John Campbell has been appointed head of the research and development laboratories of the COOKSON GROUP. He was with ICI.

★

Mr Alan Jones has been promoted to director and general manager of TNT ROADFREIGHT (UK).

★

Y. J. LOVELL (HOLDINGS) has appointed Mr George Miller as assistant managing director of Lovell Farrow Construction. Already a director of the company, he will, in addition to his existing role in the control of strategic financial planning and management, be responsible for construction and become increasingly involved in the expanding partnership housing division.

★

From August 1 Mr Antony C. Chambers and Mr Ian R. M. Ramsay become directors of ROBERT FLEMING AND CO.

★

CONSOLIDATED GOLD FIELDS is extending the role of its public affairs department. Mr Michael Young is transferring from Amey Roadstone Corporation, a subsidiary of Consolidated Gold Fields, to become manager of the public affairs department. Mr Graham Williams continues as group executive — public affairs, responsible for investor, City and Press relations.

★

Mr Duncan LeFeavre has been appointed to the board of each of the companies in the STANNAH LIFTS GROUP. This is in addition to his role as managing director of the Microlift division.

★

DUNCAN LAWRIE has appointed Miss P. F. Cashman as company secretary in succession to Mr D. S. Penfound, an executive director.

★

Mr Geoffrey Eales has been appointed sales director of NATIONAL CARRIERS CONTRACT SERVICES, a subsidiary of the National Freight Consortium. He fills the position of sales director, previously held by Mr Mike Tarrant, who was appointed NCCS managing director in January. He joins NCCS after 25 years with the Dunlop (UK) Tyre Group where, until recently, he held the position of sales director (replacement sales) based at Fort Dunlop, Birmingham.

★

Mr Alan Murton, works director, CRITTALL WINDOWS, has been appointed managing director. He succeeds Mr Richard Watson, who has been appointed chief executive of the construction division of the Norcros Group. Mr Watson joins the board of Norcros Industry (EEC) and becomes chairman of Crittall.

★

Mr Peter L. Raven has been appointed executive vice president of AMERICAN ULTRAMAR, the co-ordinating subsidiary for the Ultramar Group. He remains the Ultramar Group's chief financial officer.

★

Mr Richard Corking and Mr Norman Wells have been appointed directors of TOOL-SPEC MANUFACTURING COMPANY, the tube manipulation subsidiary of Metalrax Group.

INTERNATIONAL

New president for Capitol Records

● EMI has made the following appointments: Mr Don Zimmermann is appointed president, Capitol Records, Hollywood, and president, records group services. Mr Jim Mazza is appointed president, EMI/America/Liberty Records. Mr Dennis White is appointed executive vice-president, records group services. Mr Ed Khoury is appointed chief operating officer, Capitol Industries' retail group. Concurrently, Mr Khoury assumes corporate responsibility for Capitol Records-EMI of Canada. Mr Khoury will continue to be responsible for business development, EMI Music Worldwide. Mr Bud Jackson is appointed president, Capitol magnetic products and data systems division. Mr Hal Posner is appointed divisional vice-president and staff assistant to the president, Capitol Industries-EMI, Inc.

● AMAX INC. has made several executive reassignments. Mr Thomas G. Johnston assumes responsibility for the Pacific Basin. He also continues as president of the AMAX Iron Ore division, based in Sydney, Australia, and will direct the activities of AMAX Asia, a Tokyo-based sales unit of the metals group. Mr James H. Foreman continues as president of Canada Tungsten Mining Corp., a subsidiary of AMAX Inc. In addition, he will supervise all other Canadian operations of AMAX. Mr Robert G. Dunn has been named president of a new specialty chemicals division.

● Mr Merrill T. Miller Jr, senior vice-president of California First Bank, San Diego, has been elected president of the NATIONAL AUTOMATED CLEARING HOUSE ASSOCIATION (NACHA). Mr Miller has been vice-president for the past year by Mr J. Robert Brubaker, executive vice-president, Equibank, Pittsburgh. As the past-president, Mr Brubaker will continue to serve on the NACHA executive committee. Mr Joseph P. Coriaci, senior vice-president and cashier of the Continental Illinois National Bank and Trust Co, Chicago, was elected vice-president of NACHA.

● EMHART CORP has appointed Mr Richard H. Campbell, vice-president in charge of its newly created consumer group. Mr Campbell was vice-president of the consumer accessories group at Black and Decker, Towson, Maryland.

● Mr R. Marshall has been appointed a director of M.I.M. HOLDINGS. He will continue to have executive responsibility for the coal division.

● Mr Leo Deals has been appointed manager of the newly-opened Geneva branch of J. HENRY SCHRODER BANK AG, Zurich, a subsidiary of international merchant bankers Schroders, London.

● FIRST CITY BANCORPORATION of Texas has made several management changes: Mr John E. Davis, senior vice-president, First City National Bank of Houston, will become president of First City Bank-Northchase in the F.M. 1960 area of Houston. Mr Paul H. Camerlengo, president of First City Bank-Northchase, will become president of First City Bank-Humble. Mr R. J. Novasad, president of First City Bank-Humble, will become its chairman and chief executive. Mr Davis has been senior vice-president and manager of the international division for the past four and a half years. Mr Camerlengo has been president of First City Bank-Northchase for the past two years. Mr Novasad has been president of First City Bank-Humble for eight years and has over 20 years' experience in banking.

● Mr Lawrence S. Wexler has been appointed director of finance, PHILIP MORRIS, USA. He was previously assistant to the vice-president, plant operations, in Richmond, Virginia, and will relocate to New York.

● Dr Michael W. Keeler has joined A.L. LABORATORIES INC, based in New Jersey, as vice-president—finance and chief financial officer. Before coming to A.L. Laboratories, Mr Keeler was associated with Sterling Drug Inc. Since 1981 he has served as vice-president and treasurer of Sterling Drug's international group.

● Mr William J. Brodsky has been named president-designate of the CHICAGO MERCANTILE EXCHANGE. Mr Brodsky, who has been serving as executive vice-president and chief operating officer since September 1982, will succeed Dr Clayton Yeutter as president and chief executive. Dr Yeutter is expected to leave this position before mid-1985.

● Mr Neil P. Thompson has been appointed senior vice-president in charge of systems and services management at MASTERCARD INTERNATIONAL INC. Before joining MasterCard, Mr Thompson served as director of management information systems for Orowest Foods Co in Greenwich, CT.

● Mr Gordon Waddell has been elected chairman of SOUTH AFRICAN BREWERIES to replace retiring chairman Dr Frans Cronje. Mr Waddell has been a director of the company since 1981 and is the executive chairman of Johannesburg Consolidated Investment Company (JCI).

● Mr J. R. Brindle has been appointed to succeed Mr G. A. Broadbent as president of BP CHEMICALS AMERICAS. Mr Broadbent, who has been BPCA's president for the past three and a half years, will return to London.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday August 1 1984

Sugar harvest upsets Cuban plans, Page 30

WALL STREET

Indicators offer patchy promise

THE MARKET for longer-dated bonds began to brighten on Wall Street yesterday after the announcement of an unexpected downturn in June of 0.9 per cent in the leading U.S. economic indicators, *writes Terry Byland in New York.*

Gains, ranging to around half a point at mid-session, strengthened further during the latter half of the session and closed a full point ahead. However, retail interest remained sluggish, and the buying came mostly from market traders tightening positions ahead of the refunding announcement.

The stock market moved up in response to the late gain in bonds. Turnover increased, and leading stocks were led forward by IBM which ended a net 2¾ up at 110⅝.

The Dow Jones industrial average ended around its high point for the day, with a net gain of 5.30 points at 1,115.28, with 87.5m shares traded.

The dip in the leading economic indicators supported the views endorsed last week by Mr Paul Volcker that the U.S. economy will slow down in the second half of the year. A fall of 10 per cent in construction contracts, together with a modest 0.6 per cent gain in single family house sales, also suggested an economic slowdown.

But the response in the bond market was sluggish. The continued firmness of short-term rates, behind the federal funds rate, has cooled the enthusiasm which greeted Mr Volcker's assurance that the Federal Reserve did not tighten policy in July.

Last week's retail buying of bonds has died away, and there is some doubt as to whether there will be sufficient support for current yields at the impending auctions of $16.5bn or so in Treasury securities.

"Then we will find out if this has been a fools' rally," commented Mr James Davin, managing director of First Boston, the major investment house.

Stock prices opened firmly, under the influence of the bond market, but soon lost their shine.

The downward spiral in oil prices again took toll of oil shares. Exxon, traded actively, fell an early $1 to $38¾, Atlantic Richfield dipped $⅝ to $40⅜ and Standard Indiana at $53⅜ gave up $⅜.

A batch of takeover situations provided a number of features, but the blue chip industrial stocks struck few sparks. A dividend increase from IBM proved no surprise for the market, which was similarly unimpressed by the computer group's move to enhance its PCjr personal computer. IBM improved $⅞ to $109⅜ in moderate turnover.

General Motors at $68¾ was unchanged, General Electric at $52⅞ added $⅛ and Texas Instruments slipped $⅜ to $117⅛.

There was further demand for stock in Eastman Kodak on news of a sharp jump in second-quarter earnings. A quarter of a million Eastman shares traded at $74¼, just below the market price of $74⅜ which was $1⅛ up on Monday's close.

To the fore on the actives list was St Regis, the forest products company, which dipped $⅜ to $49⅞, with 2.8m shares turned over, after confirmation of an offer for 60 per cent of the equity at $55.50 a share from Champion International.

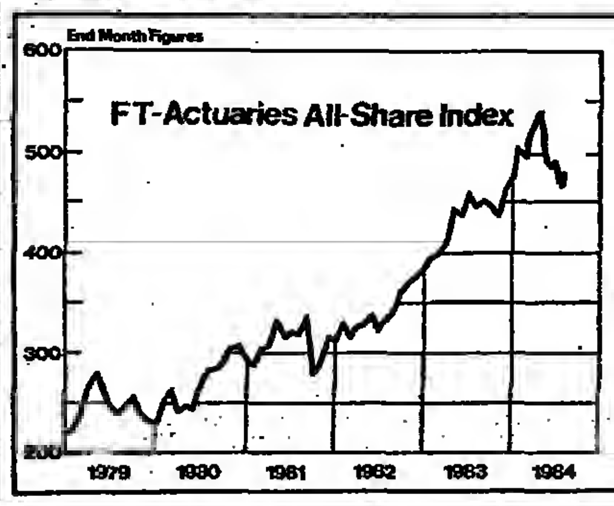
Speculators expected the Champion offer to succeed – blotting out Mr Rupert Murdoch's planned bid – and took the market price rather than wait to sell only 60 per cent of their holdings to Champion. Stock in Champion International dipped $2 to $17⅞.

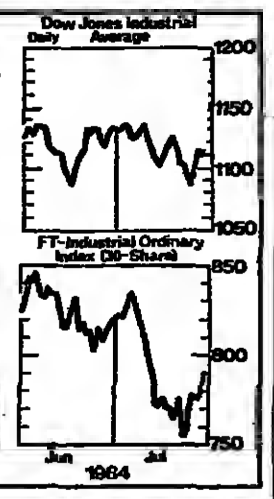
A casualty of this bid appeared to be Colonial Penn, the insurance group for which St Regis is bidding. Expectation that the bid will be dropped took Colonial Penn down $1⅛ to $25⅛.

Elsewhere, Continental Illinois Bank had another busy session, gaining a further $⅛ to $4⅛. J.P. Stevens, the textile group, added $⅞ to $18⅞.

In the credit markets, three-month Treasury bill rates edged up to 10.39 per cent, and six-month rates to 10.64 per cent. The key long bond of 2014 was 15/32 higher at 103 9/32.

KEY MARKET MONITORS





STOCK MARKET INDICES

	July 31	Previous	Year ago
NEW YORK			
DJ Industrials	1,115.28	1,109.98	1,199.22
DJ Transport	473.58	467.35	550.77
DJ Utilities	123.03	123.84	129.77
S&P Composite	150.66	150.19	162.56
LONDON			
FT Ind Ord	790.5	778.7	718.0
FT-SE 100	1,010.1	996.5	958.8
FT-A All-share	474.83	469.48	448.14
FT-A 500	511.14	504.67	488.32
FT Gold mines	497.3	499.0	650.6
FT-A Long gilt	11.3	11.37	10.98
TOKYO			
Nikkei-Dow	9,998.50	10,013.60	9,078.75
Tokyo SE	763.81	765.10	669.49
AUSTRALIA			
All Ord.	681.6	682.3	672.1
Metals & Mins.	409.6	409.7	598.1
AUSTRIA			
Credit Aktien	53.54	53.42	55.33
BELGIUM			
Belgian SE	142.75	142.16	134.38
CANADA	July 31	Prev.	Yr ago
Toronto			
Metals & Minls	1,714.24	1,710.1	—
Composite	2,139.99	2,163.4	2,477.82
Montreal			
Portfolio	104.64	104.53	121.9
DENMARK			
Copenhagen SE	184.73	185.7	180.18
FRANCE			
CAC Gen	157.2	158.9	129.0
Ind. Tendence	102.0	102.9	81.1
WEST GERMANY			
FAZ-Aktien	324.88	326.03	328.94
Commerzbank	942.3	943.5	972.9
HONG KONG			
Hang Seng	800.15	802.68	1,072.02
ITALY			
Banca Comm.	207.98	207.24	198.78
NETHERLANDS			
ANP-CBS Gen	148.3	148.5	139.3
ANP-CBS Ind	121.7	122.1	113.3
NORWAY			
Oslo SE	244.94	246.35	201.47
SINGAPORE			
Straits Times	945.8	932.6	935.08
SOUTH AFRICA			
Golds	905.1	898.2	911.3
Industrials	906.4	915.5	927.5
SPAIN			
Madrid SE	135.27	132.58	119.74
SWEDEN			
J & P	1,491.86	1,499.9	1,412.94
SWITZERLAND			
Swiss Bank Ind	358.6	359.1	344.4
WORLD	July 30	Prev	Year ago
Capital Int'l	167.6	168.6	176.8

GOLD (per ounce)

	July 31	Prev
London	$341.125	$340.375
Frankfurt	$342.50	$338.50
Zürich	$342.75	$338.50
Paris (fixing)	$341.84	$339.33
Luxembourg (fixing)	$342.50	$337.25
New York (Aug.)	$337.70	$342.00

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR July 31	U.S. DOLLAR Previous	STERLING July 31	STERLING Previous
$	—	—	1.3075	1.308
DM	2.9055	2.894	3.80	3.785
Yen	245.25	246.0	320.75	321.25
FFr	8.9	8.8835	11.635	11.62
SwFr	2.459	2.4625	3.215	3.2225
Guilder	3.2865	3.271	4.2975	4.2775
Lira	1784.0	1779.0	2320.0	2329.0
BFr	58.745	58.495	76.4	76.6
C$	1.31075	1.31525	1.7175	1.7195

INTEREST RATES

	July 31	Prev
Euro-currencies (3-month offered rate)		
£	12 7/16	12½
SwFr	4 15/16	5
DM	5 13/16	5 13/16
FFr	12	12
FT London Interbank fixing (offered rate)		
3-month U.S.$	11 13/16	11⅞
6-month U.S.$	12⅛	12⅜
U.S. Fed Funds	11⅞	11⅝
U.S. 3-month CDs	11.35	11.30
U.S. 3-month T-bills	10.38	10.33

U.S BONDS

	July 31 Price	July 31 Yield	Prev Price	Prev Yield
Treasury				
12⅞ 1986	100 9/32	12.54	100 1/32	12.60
13⅜ 1991	103 27/32	12.92	103 15/32	12.98
13⅜ 1994	101 5/32	12.92	100 27/32	12.99
13¼ 2014	103 9/32	12.81	102 27/32	12.86
Corporate				
AT & T				
10⅜ June 1990	88⅞	13.20	88⅞	13.20
3⅞ July 1990	70⅞	10.70	70⅞	10.70
8¾ May 2000	69⅝	13.45	69⅝	13.45
Xerox				
10⅞ March 1993	85⅞	13.45	85⅞	13.45
Diamond Shamrock				
10⅞ May 1993	85¼	13.55	85¼	13.55
Federated Dept Stores				
10⅞ May 2013	78.579	13.60	78.579	13.60
Abbot Lab				
11.80 Feb 2013	87.00	13.60	87.00	13.60
Alcoa				
12¼ Dec 2012	87⅞	14.00	87⅞	14.00

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	64–16	64–18	63–28	63–25
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.46	89.50	89.41	89.43
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.42	88.49	88.37	88.38
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.34	88.37	88.20	88.27
20-year National Gilt £50,000 32nds of 100%				
Sept	99–09	99–10	98–18	98–21

COMMODITIES

(London)	July 31	Prev
Silver (spot fixing)	544.60p	531.60p
Copper (cash)	£1,011.50	£1,012.75
Coffee (July)	£2,194.00	£2,193.50
Oil (spot Arabian light)	$27.10	$26.95

EUROPE

Inhibitions cautiously set aside

THE INHIBITIONS displayed by Wall Street on Monday were shrugged off in most European centres yesterday, allowing marginally firmer performances to be recorded again by many of the bourses.

Some late foreign buying gave Frankfurt a boost, though this was too late to be reflected in the Commerzbank index, which shed 1.2 to 942.3.

The earlier part of the session had also seen scattered bargain-hunting by investors who considered that the slide in prices of some leading shares had now gone too far.

The firmest feature of an otherwise mixed motor sector was BMW, up DM 8.50 to DM 366.50, again having found foreign favour. Daimler added DM 3 to DM 539, and Porsche DM 2.50 to DM 965.50, but Volkswagen eased 40 pfg to DM 171.30.

Bonds held steady, but turnover was small ahead of the U.S. Treasury's announcement of its funding requirements for the third quarter.

The Bundesbank sold a small DM 10.9m of paper during the session, compared with Monday's sales totalling DM 10m.

Few major movements were seen during a quiet session in Amsterdam.

Royal Dutch called a halt to recent losses, adding 80 cents to Fl 137, with analysts saying that the stock seemed unaffected by the deferral by its U.S. unit, SPNV Holdings, of a decision on a merger with Shell Oil.

One of the largest gains of the day was recorded by KLM, up Fl 3.70 to Fl 166.20, still benefiting from the possibility of cheaper fuel prices.

Bonds were little changed

Brussels held steady with the best performances coming from electrical holdings and utility stocks. Tractionnel added a further BFr 70 to BFr 3,670 in response to brokers' recommendations, after forecasts of improved profits this year.

Utilities drew strength from the view that the 1985 budget would do nothing to damage the industry. Ebes rose BFr 80 to BFr 2,560, and Intercom was up BFr 40 to BFr 1,920.

Market leader Petrofina halted recent losses, adding BFr 10 to BFr 6,530.

Insurances showed some weakness in Zurich, with Zurich Insurance down FFr 50 to FFr 16,600. Banks generally improved slightly.

Among industrials, Nestlé showed little reaction to Monday's announcement of improved first-half results, adding SwFr 10 to SwFr 5,110.

Bonds were unchanged to moderately higher in very light volume ahead of today's public holiday.

Paris eased marginally as the call money rate was raised to 12 per cent from Monday's 11 7/16 per cent level. The partial relaxation of exchange controls came too late to affect trading.

The diversified foods group, BSN-Gervais, shed FFr 15 to FFr 2,440 as it announced that consolidated group turnover rose in the first half of the year.

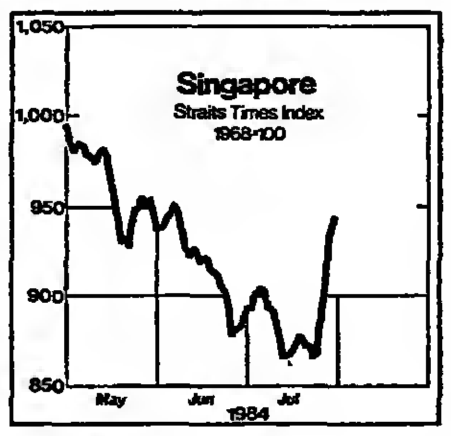
A lower trend was also evident in late Stockholm dealings after a firmer start. Ericsson proved the most actively traded stock, and it added SKr 5 to SKr 323.

Volvo, however, was again lower, dipping SKr 4 to SKr 251.

Milan ended generally higher, although the market continued to be restrained by low trading volume and technical considerations.

Bonds showed selective gains in fairly active trading.

Banks and electrical issues led Madrid higher, while some strength was also to be found in the chemicals sector.



SINGAPORE

THE FIFTH day of a Singapore rally saw a continuation of strong volume and widespread gains, and a 13.20 climb in the Straits Times industrial index at 945.80 brought its advance since last Tuesday's close to 78.05 points or nearly 9 per cent.

Some analysts saw Mr Paul Volcker's Washington testimony as implying good prospects for exports to the U.S., a key component of local trade. Others saw the market, which had been drifting earlier last month at 1984 lows, as merely in need of a technical revival.

TOKYO

Signs of a correction show afresh

AMID growing fears of a stock market correction in Tokyo, the Nikkei-Dow market average again fell below 10,000 yesterday in response to the overnight decline on Wall Street and heavy selling of non-ferrous metal shares, *writes Shigeo Nishiwaki of Jiji Press.*

The index, which climbed above 10,000 last Friday, dipped 15.10 to 9,998.50 in the third straight losing session. Volume remained relatively heavy at 325.88m shares, against the previous day's 313.08m.

Investors became concerned that the Dow Jones industrial average would once more drop below 1,100 on Wall Street. There was, however, selective buying of a few incentive-backed issues, but more generally investors sought to take a fast profit.

Non-ferrous metal issues led the decline. Golds were still favoured with margin debts continuing at record levels for many issues, although some suffered heavy selling, reflecting the yen's sharp fall against the dollar. Nippon Mining lost Y28 to Y395, Mitsubishi Metal Y21 to Y461 and Sumitomo Metal Mining Y40 to Y1,210.

Sanyo-Kokusaku Pulp stood out among the biotechnology-related issues, with its price climbing Y20 to Y332 and 21.08m shares changing hands.

Enthusiasm for Morinaga was dampened briefly by a tightening of margin trading restrictions (the requirement was raised from 50 to 60 per cent, of which 20 per cent is to be paid in cash). Its price fell in the morning but rebounded later to close up Y6 at Y654.

Among other biotechnology issues, Nippon Reizo gained Y18 to Y357, Asahi Chemical Y12 to Y634, Kokkoman Y22 to Y617 and Kuraray Y30 to Y878. Seven stocks in this field were included in the list of the 10 most actives.

Of the incentive-backed issues not related to biotechnology, Osaka Transformer added Y18 to Y357, but Seika Sangyo shed Y22 to Y433 in active trading.

Elsewhere, Yakult moved up the maximum Y300 to Y1,930, and Daido Oxygen the maximum Y100 to Y1,100. Toyo Denki Seizo also rose the maximum Y150 to Y1,670, finding favour with its development of a semiconductor device.

Blue chips generally weakened, with Matsushita Electric Industrial easing Y10 to Y1,520 and TDK Y150 to Y4,980.

The bond market remained almost flat in extremely thin trading, with many institutional investors and large securities houses staying on the sidelines. The yield on the benchmark 7.5 per cent government bond, maturing in January 1993, fell slightly to 7.46 per cent from Monday's 7.465 per cent.

SOUTH AFRICA

LOCAL selling curtailed a strong initial advance by Johannesburg golds, but many moderate gains remained.

Kinross was notable for a R1 jump to R28.50, while Driefontein could manage just 50 cents more at R46.75 and Grootvlei slipped 25 cents to R15. Amgold was R1.50 higher at R148.

Industrials remained under interest rate pressures, with retailer OK Bazaars 235 cents porer at R15.50.

AUSTRALIA

A DULL and barely steady Sydney was enlivened only by buying in mining issues associated with the Hellyer base and precious metals find in Tasmania.

Aberfoyle, up 90 cents on Monday, put on a further 50 cents to A$7, while elsewhere the resource issues showed BHP 8 cents off at A$9.60 on consideration of its acquisition plans, Poseidon down 5 cents to A$2.85 and Vamgas the same amount weaker at A$3.20.

Industrials and banks held up better, with ANZ rising 2 cents to A$4.57.

LONDON

Brightness but thin business

LEADING industrial shares, after looking dormant initially, suddenly brightened in London yesterday and eventually achieved gains often disproportionate to the amount of business taking place.

The upturn was attributed to sterling's unexpected resilience against the dollar, a technical bounce in oil shares, revived takeover speculation and a squeeze on bear positions, but genuine investment activity remained in low key.

Speculative interest was whetted by rumours, later denied, of a U.S. offer for pharmaceutical giant Beecham. It jumped 19p to 305p.

Food group Tate and Lyle continued to enjoy the bid spotlight, 10p ahead at 353p, along with several lesser-known candidates, which again embraced package tour operators.

Stock shortage became apparent in many sectors, giving momentum to the advance which left the FT Industrial Ordinary index 11.8 up on the day at 790.5.

Government securities rallied, with longer-dated stocks ⅝ higher. The possibility of higher rates checked progress in the shorts, though.

Chief price changes, Page 24; Details, Page 25; Share information service, Page 26–27

HONG KONG

INDICATIONS that the Sino-British talks had fared well provided some support to Hong Kong, but scattered profit-taking followed Monday's strong advance.

The late tone tended firmer, though, and gains were found in Hongkong and Shanghai Bank, up 15 cents to HK$5.65, and Bank of East Asia, which edged 10 cents higher to HK$19.30. But 20-cent declines were common to China Light at HK$10.60 and Hutchison Whampoa at HK$9.35.

CANADA

A CLEAR direction was found difficult to establish in Toronto, and while sharp movements either side of overnight levels were rare, golds displayed more strength than energy, base metal and transport issues.

Banks were in somewhat better favour in Montreal than were industrials or utilities.

Closing prices, July 31

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21¼	13¼	AAR	.48	2.3	21	19	21	20¾	20¾	−⅛
18⅞	13½	AMF	.50	3.3	136	194	15⅛	15	15	−⅛
41¼	24¾	AMR Cp			4	4924	27½	26½	27	+½
20⅞	17⅝	AMR	pf2.18	11.		19	19⅝	19¼	19⅝	+⅛
41½	27⅞	AMR	pf2.13	11.		94	30½	28⅝	30⅜	+⅜
23	19½	ANR	pf2.12	10.		1	20⅝	20⅝	20⅝	
55¾	40¾	ARA	2.10	4.2	10	5743	49¾	46¾	49½	+2½
71½	44¼	ASA	3a	6.3		527	48⅝	47½	47⅝	−½
30¾	16½	AVX	.32	1.6	12	117	20¼	19½	19½	−⅝
52⅝	38¾	AbtLab	1.20	2.8	14	1067	43⅝	43	43½	
30¾	23¾	AccoWd	.60	2.1	17	166	29⅛	28⅞	29⅛	+⅛
27¼	12½	AcmeC	.40	2.9		233	13⅝	12⅞	13⅝	+⅜
12⅜	6⅝	AcmeE	.32b	3.8	24	10	8⅛	8¼	8½	
24⅞	11	AdmDg	.04	.3	8	111	14½	13½	14½	+1
18¾	15	AdaEx	2.11e	14.		60	15¾	15⅝	15⅝	
19¾	12⅛	AdmMl	.28	2.4	13	20	12⅛	d11⅞	11⅞	−½
22	13½	AdvSys	.611	5.4	15	628	15⅛	15	15⅛	+⅛
17¾	7⅛	Advest	.12	1.4		54	9⅛	8½	8⅝	−⅛
37½	25⅛	AMD			11	2150	29⅛	28⅛	29	+⅛
21⅞	6⅛	AerFlex			10	25	10⅝	10½	10½	
39	27¼	AetnLf	2.64	8.7	28	1320	30¼	29⅝	30¼	
58¾	54	AetL	pf5.49e	9.9		7	55½	55½	55½	+⅛
34½	15¾	Ahmns	1.50	6.0	5	1002	20	19½	20	+⅛
7	2⅞	Aileen				38	3⅛	3⅛	3⅛	−⅛
51	36½	AirPrd	1	2.5	9	416	41⅛	40⅝	40⅝	−⅜
30⅞	13	AirbFrt	.60	4.1	8	199	14½	14¼	14½	−⅛
3⅛	1⅛	AlMoa	.3			545	3⅜	3¼	3⅛	
31⅞	26¾	AlaP	pfA3.92	14.		3	28⅛	28¼	28¼	
[illegible]										

Continued on Page 23

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, July 31

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

A-A-A, B-B-B, C-C-C, D-D-D, E-E-E, F-F-F, G-G-G, H-H-H, I-I-I, J-J-J, K-K-K, L-L-L, M-M-M, N-N-N, O-O-O, P-Q, R-R-R, S-S-S [illegible]

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

R-R-R, S-S-S, T-T-T, U-U-U, V-V-V, W-W-W [illegible]

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅛	10⅛	WyleLb	.32	2.1	9	53	12⅛	11¾	11⅞	−½
21	16½	Wynns	.80	3.3	9	13	18¼	18	18	−⅛
		X-Y-Z								
52⅞	33⅝	Xerox	3	6.9	9	7097	34½	d33¼	33¾	−1¼
51¼	45¼	Xerox	pf5.45	12.		121	47¼	46⅞	47¼	+½
37	19	XTRA		3.2	8	5	20⅛	20	20	−⅛
34	24	ZaleCp	1.26	4.6	9	72	26¾	26	26½	−½
24¼	15¼	Zapata	.84	5.3	11	378	15⅞	15⅝	15⅝	+⅛
45⅞	28¾	Zayre	.40b	1.0	11	165	39¼	37⅞	38¼	+¼
38⅝	28	ZenithE			8	1281	22½	21⅞	22½	+⅝
27⅞	18	Zero	s .36	1.8	15	7	20⅛	20	20⅛	−⅛
34	21⅛	Zurn	1.32	5.5	12	99	24	23¾	24	+⅝

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. n–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

July 31	Price Sch%	+ or —
Creditanstalt	205	...
Goesser	325	...
Interunfall	400	...
Laenderbank	205	...
Perlmooser	347	...
Steyr-Daimler	140	...
Veitscher Mag	215	+5

BELGIUM/LUXEMBOURG

July 31	Price Frs.	+ or —
ARBED	1,590	...
Banq Int A Lux	5,075	+25
Bekaert B	3,850	+10
Ciment CBR	2,305	...
Cockerill	234	-2
Delhaize	4,995	+45
EBES	2,580	+80
Electrobel	6,860	+50
Fabrique Nat	1,835	+5
GB Inno BM	3,100	+50
GBL (Brux)	2,150	+30
Gevaert	5,080	+50
Hoboken	3,050	-20
Intercom	1,820	-40
Kredietbank	6,800	-40
Pan Hldgs	8,650	...
Petrofina	6,550	+10
Royale Belge	9,400	+50
Soc. Gen. Banq	2,900	-5
Soc. Gen. Belge	1,675	+5
Sofina	6,110	-50
Solvay	5,659	
Traction Elect	5,670	+70
UCB	4,465	-55
Vieille Mont	4,010	-10

DENMARK

July 31	Price Kr%	+ or —
Aarhus Olie	450	...
Andelsbanken	226	...
Baltis Skand	685	...
CopHandelsbank	240	-5
D. Sukkerfab	645	...
Danske Bank	255	-9
East Asiatic	205	+1
Forende Brygg.	935	...
Forende Damp.	113	...
GNT Hldg	490	...
I.S.S.B.	548	...
Jyske Bank	465	...
Novo Ind	2,150	...
Privatbanken	208	-4
Provinsbanken	695	-1
Smidth (F)	261	+1
Sophus Berend.	960	...
Superfos	431	...

FRANCE

July 31	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

GERMANY

July 31	Price Dm.	+ or —
AEG-Telef	87.2	-1.0
Allianz Vers	750	+4
BASF	151.5	+0.5
Bayer	158.3	+1.0
Bayer-Hypo	254	...
Bayer-Verein	294	-1
BHF-Bank	233	
BMW	366.5	+8.5
Brown Boveri	196.5	-1.5
Commerzbank	146.0	-0.2
Cont'l. Gummi	114	...
Daimler-Benz	539	+5
Degussa	344.0	+1.5
D'sche Babcock	140	+1
Deutsche Bank	519.5	-3.3
Dresdner Bank	148.0	+4.5
GHH	129.3	...
Hochtief	460	...
Hoechst	165.0	+0.8
Hoesch Werke	87.3	-5.1
Holzmann (P)	465	+11
Horten	154	-2
Kali und Salz	207	-4
Karstadt	225	-1
Kaufhof	600.5	-1.0
KHD	216	-1
Kloeckner	54.3	+0.5
Krupp	77	...
Linde	336	...
Lufthansa	151.0	+1.5
MAN	133.8	+0.8
Mannesmann	134.5	+0.3
Mercedes Hld	463	+2
Metallgesell	212.3	+2.5
Muench Rueck	960	+95
Preussag	296	+2
Rhein West Elect	153.5	+0.5
Rosenthal	210	+1
Schering	327	-2
Siemens	367.7	+3.0
Thyssen	70.5	-1.0
Varta	160.8	...
Veba	166.9	+6.1
V.E.W.	112.8	+0.5
Verein-West	287	..
Volkswagen	171.3	-0.4

ITALY

July 31	Price Lire	+ or —
Banca Com'le	17,200	...
Bastogi-IRBS	139	+3
Centrale	2,160	+10
Credito Varesino	4,001	+40
Fiat	4,065	+43
Finsider	35.50	+0.25
Generali Assicur	33,510	+60
Invest	2,944	+26
Italcementi	47,490	-30
Montedison	1,112	-2
Olivetti	3,462	+112
Pirelli Co	2,963	+36
Pirelli Spa	1,640	-9
Snia BPD	1,595	+25
Toro Assic	10,900	-100
do. Pref.	8,650	+70

NETHERLANDS

July 31	Price Fls	+ or —
[illegible]	[illegible]	[illegible]

NORWAY

July 31	Price Kroner	+ or —
[illegible]	[illegible]	[illegible]

SPAIN

July 31	Price Pts%	+ or —
[illegible]	[illegible]	[illegible]

SWEDEN

July 31	Price Kronor	+ or —
[illegible]	[illegible]	[illegible]

SWITZERLAND

July 31	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

AUSTRALIA

July 31	Price Aust. $	+ or —
[illegible]	[illegible]	[illegible]

AUSTRALIA (continued)

July 31	Price Aust. $	+ or —
Gen Prop Trust	2.20	+0.02
Hardie J.	3.10	-0.05
Hartogen Energy	2.00	-0.05
Herald W'y Times	3.50	-0.05
ICI Aust.	2.02	...
Jimb'lana 50cFP	0.25	...
Kia Ora Gold	0.11	...
Lend Lease	4.90	+0.05
MIM	2.53	-0.01
Mayne Nickless	2.65	..
Meekatharra	0.37	..
Myer Emp.	1.84	-0.01
Nat.Com. Bk.	5.55	..
News	8.80	+0.1
Nicholas Kiwi	4.15	...
North Bkn Hill	6.15	...
Oakbridge	0.60	...
Otter Expl.	0.43	-0.01
Pancont'l	1.05	+0.04
Pioneer Cons	1.41	+0.01
Queensland Coal	1.15	+0.01
Reckitt & Coln	2.63	...
Repco	1.08	-0.02
Santos	5.48	-0.04
Smith (H.)	3.55	..
Southland Min'g.	0.30	..
Spargos Expl.	0.46	+0.06
Thos. Nat'wide	1.85	..
Tooth	5.50	..
Vamgas	3.20	-0.05
Western Mining	2.85	-0.03
Westpac	3.80	..
Woodside Petrol.	1.12	-0.01
Woolworths	2.42	+0.02
Wormald Intl.	2.82	-0.03

HONG KONG

July 31	Price H.K.$	+ or —
Bank East Asia	19.3	+0.1
Cheung Kong	7.25	-0.1
China Light	10.6	-0.2
Hang Lung Devel	2.3	
Hang Seng Bank	27.3	-0.4
HK Electric	5.4	-0.05
HK Kowloon Wh.	5	-0.02
HK Land	2.5	-0.02
HK Shanghai Bk.	3.63	-0.15
HK Telephone	40	
Hutchison Wpa	9.55	-0.2
Jardine Math	6.2	-0.15
New World Dev	2.42	-0.03
Orient O'seas	2.12	..
O'seas Trust Bk.	2.57	..
SHK Props	4.63	-0.05
Swire Pac A	15.8	-0.1
Wheel'k Mard A	2.87	-0.05
Wheel'k M'time	1.8	
World Int. Hldgs.	1.68	-0.03

JAPAN

July 31	Price Yen	+ or —
Ajinomoto	1,130	..
Alps Electric	1,980	-20
Amada	1,110	+30
Asahi Chem	634	+12
Asahi Glass	750	+5
Bridgestone	540	-10
Canon	1,130	-20
Casio Comp.	1,080	
Chugai Pharm	955	
Citizen	460	
Daiei	663	-2
Dai Nippon Ptg	873	
Daiwa House	505	+9
Ebara	520	+15
Eisai	1,020	
Fanuc	7,940	-10
Fuji Bank	840	+20
Fuji Film	1,560	-10
Fujisawa	1,030	+20
Fujitsu	1,200	
Green Cross	1,330	
Hasegawa	340	-5
Heiwa Real Est.	532	+2
Hitachi	819	+1
Hitachi Credit	1,230	+40
Honda	1,160	+20
House Food	720	-5
Hoya	1,980	-20
Itoh (C)	289	
Ito-Yokado	1,610	-10
Iwatsu	1,270	-20
JACCS	330	
JAL	2,910	-200
Jusco	831	-7
Kajima	286	+1
Kao Soap	706	-14
Kashiyama	580	
Kirin	555	
Kokuyo	933	
Komatsu	467	
Konishiroku	338	-1
Kubota	310	+7
Kumagai	464	-1
Kyoto Ceramic	3,800	-60
Maeda Const.	491	+1
Makino Milling	1,190	-20
Makita	887	-8
Marubeni	510	-8
Marudai	613	+3
Marui	1,060	-10
MEI	1,520	-10
M'ta Elec Works	608	-2
M'bishi Bank	855	
M'bishi Corp.	543	+8
M'bishi Elec	373	-11
M'bishi Estate	460	

JAPAN (continued)

July 31	Price Yen	+ or —
MHI	216	
Mitsui Co	551	-1
Mitsui Estate	629	+9
Mitsukoshi	353	
NGK Insulators	779	
Nihon Cement	606	
Nippon Denso	1,390	-40
Nippon Elect	1,130	-10
Nippon Express	510	-7
Nippon Gakki	641	-14
Nippon Kokan	139	+3
Nippon Oil	855	-9
Nippon Seiko	514	+8
Nippon Shimpan	506	-1
Nippon Steel	145	-1
Nippon Suisan	345	-3
NTV	10,100	-400
Nippon Yusen	221	-1
Nissan Motor	579	
Nisshin Flour	485	
Nisshin Steel	168	-1
Nomura	618	-25
Olympus	893	+10
Orient Leasing	5,050	-30
Pioneer	2,580	-10
Renown	620	-3
Ricoh	855	-30
Sankyo	768	-2
Sanyo Elect	481	-5
Sapporo	425	-14
Sekisui Prefab	690	
Seven-Eleven	6,380	
Sharp	1,010	-10
Shimadzu	534	-10
Shionogi	657	-1
Shiseido	1,050	-10
Sony	3,550	-40
Stanley	798	-11
S'tomo Bank	831	-4
S'tomo Elect	781	-8
S'tomo Marine	555	-2
S'tomo Metal	156	-1
Taihei Dengyo	460	
Taisei Corp	213	+2
Taisho Pharm	873	+4
Takeda	736	-4
TDK	4,980	-150
Teijin	365	-4
Teikoku Oil	655	+5
Tokyo Marine	650	-4
TBS	704	-26
Tokyo Elect Pwr.	1,100	
Tokyo Gas	138	
Tokyo Sanyo	658	-7
Tokyo Style	711	+11
Tokyu Corp	269	+2
Toppan Print	768	-32
Toray	390	-5
Toshiba Elect	375	
TOTO	563	-3
Toyo Seikan	709	-13
Toyota Motor	1,290	+30
Victor	2,250	-40
Wacoal	720	-8
Yamaha	500	-10
Yamanouchi	1,130	-30
Yamazaki	620	+4
Yasuda Fire	265	
Yokogawa Bdge.	401	

SINGAPORE

July 31	Price $	+ or —
Boustead Hldgs.	2.28	+0.05
Cold Storage	3.50	+0.1
DBS	8.50	+0.3
Fraser & Neave	5.50	+0.2
Genting	5.50	+0.1
Haw Par. Bros	2.34	+0.06
Inchcape Bhd.	2.93	+0.61
Keppel Shipyard	2.18	+0.05
Malay Banking	8.60	+0.15
Malay Brew.	6.85	+0.3
Multi Purpose	1.28	-0.01
OCBC	9.70	+0.2
OUB	4.20	+0.06
Sime Darby	2.13	+0.02
Straits St'mship	1.32	+0.02
Straits Trdg.	5.23	
UOB	4.52	+0.1

SOUTH AFRICA

July 31	Price Rand	+ or —
Abercom	1.6	...
AE & CI	8.33	...
Anglo Am Coal	30.60	...
Anglo Am Corp	21.25	-0.05
Anglo Am Gold	148	+1.3
Barclays Bank	16.6	+0.25
Barlow Rand	11.15	-0.55
Buffels	67	+1.25
CNA Gallo	2.4	...
Currie Finance	4.33	...
De Beers	8.4	+0.05
Driefontein	46.75	+0.3
FS Geduld	46.5	+0.3
Gold Fields SA	24	...
Highveld Steel	4.45	...
Nedbank	11.5	-0.1
OK Bazaars	15.6	-0.25
Protea Hldgs	1.83	...
Rembrandt	23.75	-1.3
Rennies	12.10	-0.05
Rust. Plat.	15.8	+0.1
Sage Hldgs	7.50	...
SA Brews	6.63	+0.03
Smith (C.G)	18.63	...
Tongaat Hulett s.	8.3	...
Unisec	6.13	...

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PicSav s		209	20¾	19⅞	20⅜	+⅜
PicCafe	.60	29	22¼	22	22¼	
PionHi	.80	328	27¾	27¼	27½	+¼
PionStd	.22	25	16¼	16	16¼	+¼
PlayM s		196	27	26¼	26½	+½
Porex		150	19¼	19	19¼	-¼
PossSi		14	3¼	3⅛	3¼	+⅛
Powell		12	2⅞	2¾	2⅞	

Continued on Page 32

LONDON

Chief price changes

(In pence unless otherwise indicated)

RISES

Tr 14½pc 1994	£108¾	+⅞
Tr 13¾pc 00-03	£111¾	+⅞
Beecham	305	+19
BPCC	167	+9
Bunzl	270	+12
Debenhams	161	+8
Fst Nat Fin.	75	+3
Glynwed	142	+8
Hogg Robinson	185	+8
Horizon Travel	148	+18
Ibstock Johnsen	218	+12
Immediate Bus.	40	+13
Intasun Leisure	168	+13
Metal Box	334	+12
Moss Bros	290	+35
Pauls	218	+9
Strong & Fisher	116	+8
TI	244	+8
Tate & Lyle	353	+10
Trident TV A	157	+6
Windsor Sec.	52	+3
Wolseley-H.	475	+20
Britoil	210	+8
Ultramar	238	+18
Paringa Min	66	+8
Spargos Expl	29	+6

FALLS

AIM	108	-6
Audiotronic	12	-4
BL	43	-8

CANADA

TORONTO

Closing prices July 31

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices, July 31

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Indices

NEW YORK-DOW JONES

	July 31	July 30	July 27	July 26	July 25	July 24	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	1115.28	[illegible]	[illegible]	[illegible]	[illegible]	1086.57	1286.64 (6/1)	1086.57 (24/7)	1287.20 (19/11/83)	41.22 (2/7/32)
Transport	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	445.15	612.63 (9/1)	446.03 (25/7)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	123.60	134.83 (6/1)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	74.37m	—	—	—	—

	July 27	July 20	July 13	Year Ago (Approx)
Ind Div Yield %	5.66	5.14	5.19	4.62

TORONTO

	[illegible]	[illegible]	[illegible]	July 26	1984 High	1984 Low
Metals & Minls	[illegible]	[illegible]	[illegible]	1680.50	2524.4 (12/1)	1641.2 (25/7)
Composite	[illegible]	[illegible]	[illegible]	2126.00	2585.7 (6/1)	2079.7 (24/7)
MONTREAL Portfolio	[illegible]	[illegible]	[illegible]	103.52	127.83 (10/1)	100.20 (24/7)

* Indicates pre-class figure

LONDON STOCK EXCHANGE

MARKET REPORT

Equity leaders brighten and index rebounds 11.8

Gilt-edged stocks also rally

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug 6
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

Leading industrial shares, after looking dormant initially, suddenly brightened and eventually achieved gains often disproportionate to the amount of business taking place. The upturn caught most professional operators unawares and was attributed to several factors. Sterling's unexpected resilience against the dollar—the rate was expected to weaken further because of rising short-term U.S. interest rates—was a major influence. Others included a technical bounce in Oil shares, revived takeover speculation and a squeeze on market bear positions.

Genuine investment activity remained in low key but speculative interest was whetted during the morning trade by rumours of a U.S. offer for pharmaceutical giant Beecham. An American source was reported to have purchased sizeable numbers of the group's shares, which jumped 20 and held most of the gain despite a Beecham spokesman rejecting the rumours late. Leading Food group, Tate and Lyle, also continued to enjoy the bid spotlight along with several lesser-known candidates, which again embraced package tour operators. Stock shortages became apparent in many market sectors, giving momentum to the advance which left the FT Industrial Ordinary share index 11.8 up on the day at 790.5; at 10.00 am, the measure stood less than a point higher.

Government securities rallied from their recent two-year low levels. The market was uncertain at first in view of the pending announcement outlining U.S. Treasury financing needs for the next quarter. Gilt-edged quotations, however, regained small losses as the London futures market improved, although Gilt-edged trade was described as exceedingly thin. A repeated U.S. warning that Prime lending rates would rise further failed to disturb sentiment, which belatedly responded to reassuring Press comment on the immediate outlook for the market. Longer-dated stocks consequently extended their rally to close ½ higher on balance with Treasury 13¾ per cent 2000-03 closing an exceptional ¾ up at 111¾. Dearer money possibilities checked progress in the shorts, while index-linked issues displayed small irregular movements.

Natwest harden

NatWest's 25 per cent interim profits increase to £288m had already been well discounted—the Board forecast £285m when announcing the £236m rights issue just under two weeks ago—and so made little impact on the shares, which hardened a couple of pence to 600p. Interest among the other clearers was minimal with Barclays closing 5 better at 450p ahead of tomorrow's half-year results. Lloyds and Midland ended unaltered at their overnight levels of 440p and 340p respectively. Elsewhere, speculative favourite First National Finance Corporation revived with a gain of 3 to 75p. Royal Bank of Scotland put on 4 to 212p and Standard Chartered added 10 at 460p.

Following a favourable Press assessment of the interim figures, Hogg Robinson rose 6 to 185p. Elsewhere in Lloyds Brokers, Windsor Securities gained 3 more for a two-day rise of 6 to 52p on renewed speculative buying fuelled by talk of an unnamed party building up a sizeable stake in the company. Life issues again reflected bid speculation. Hambro Life finished 7 dearer at 400p and London and Manchester the same amount better at 570p.

A little more interest developed in the Buildings sector than of late. Ibstock, a current bid favourite, featured a rise of 12 to 218p, while Rugby Portland improved 4 to 115p. Blue Circle improved 8 to 365p among the leaders. Timbers to make progress included Magnet and Southerns, 6 up at 120p, and Meyer International, 5 to the good at 99p.

Chemicals made a bright showing under the lead of ICI, up 6 more at 546p. Laporte improved 5 to 295p and Brent 4 to 98p. Renewed speculative buying left Croda International up 3 more at 129p, after 131p.

Debenhams wanted

Neglected recently, major Retailers made steady progress and closed at the day's best, although the gains generally owed more to persistent inquiries than to increased turnover. Burton hardened 5 more to 237p and Woolworth 7 at 434p, while Marks and Spencer, in more marketable form since the scrip issue, firmed 4 at 116p. Debenhams encountered occasional support on yield considerations and finished 8 dearer at 181p. Secondary counters featured renewed strength in *electrical retailers*. Currys advanced 8 to 248p, while Dixons added 5 at 248p. Harris Queensway also attracted fresh demand and rose 4 to 146p. Moss Bros returned to favour and touched 295p before settling 35 up on balance at 290p.

Shoes highlighted Strong and Fisher which improved 8 to 119p in belated response to a newsletter recommendation.

A firm market all day at 34p, Immediate Business Systems moved ahead sharply in the late dealings on news of the talks with a third party to close 13 up on balance at 43p. Elsewhere in the Electrical sector, after-hours' demand left BSR 15 to the good at 180p, but Audiotronic fell 4 to 12p on lack of reassuring news at Monday's annual meeting. Still reflecting recent Press mention, Security Centres rose 15 more to 295p.

TI continued to push ahead awaiting next week's interim statement and put on 8 further to 244p. Other gains in the Engineering leaders, however, were limited to a few pence. Elsewhere, F. H. Tomkins responded afresh to the annual results with a rise of 4½ to 68p. Glynwed were supported and rose 8 to 142p, while buyers also showed interest in Delta, 4 dearer at 81p. Simon, a dull market last week, rallied 6 to 376p. Renold, reflecting the chairman's encouraging remarks at the annual meeting, improved 4½ to 41p. In contrast, Richardsons Westgarth reacted 3½ to 19p late on news of the heavier annual loss.

Tate and Lyle remained the focal point in Foods. Following Monday's jump of 21, the price advanced 10 more to 353p, after 360p, on continuing rumours of an imminent bid and resultant withdrawal of its contested £300m offer for Brooke Bond, currently worth 100p per share. BB, up the previous day on talk of a Dalgety counter bid, dropped to 106p before closing a couple of pence easier at 110p.

News of the Dorchester Hotel sale to a Hong Kong-based, U.S.-owned group for £40m plus attracted a lively interest in Trusthouse Forte, owners of the nearby Grosvenor House, and the shares closed 3 better at 110p, after 111p. Garfunkels improved 5 more to 150p and Ryan a penny to 14p.

Beecham feature

Leading miscellaneous industrials were featured by a flurry of buying activity in Beecham which advanced strongly amid talk of a U.S. bid and touched 307p before settling only a few pence below the best at 305p, a rise of 19 on the day. Metal Box put on 12 further to 324p following renewed demand, while Glaxo moved up 10 to 855p. Hanson Trust were noteworthy for a rise of 5 to 202p and Pilkington, a recent bid favourite, advanced 7 to 270p. Among speculative secondary stocks, Pauls advanced 9 to 216p and Chubb 7 to 179p. Wolseley-Hughes came to life with a rise of 20 to 475p along with Armour Trust, 3½ to the good at 21p. Reed Executive responded to the preliminary figures, gaining 5 to 95p; Brook Street Bureau firmed 3 to 51p in sympathy. Satisfactory annual results left Macarthys Pharmaceuticals 3 dearer at 141p, while Dominion International improved 4 to 111p following the chairmans encouraging statement at the annual meeting. In contrast, profit-taking after the preliminary figures left AIM Group 6 lower at 108p. Rank Organisation were active and 10 higher at 242p.

Unconfirmed reports that Grand Metropolitan had acquired a 2½ per cent stake in the company buoyed package tour operator Horizon Travel, which advanced 18 afresh for a two-day jump of 38 at 148p, after 153p. Additionally, reports of a late boom in summer holiday bookings also helped sentiment and prompted a rise of 13 to 108p in fellow travel concern, Intasun. Elsewhere in the Leisure sector, Trident Television A rose a further 8 to 157p, after 160p, on hopes of a renewed offer from Pleasurama.

The apparent success of the impending Jaguar flotation only served to heighten the nervousness surrounding its parent BL. The lack of preferential treatment for existing shareholders in the former's offer for sale and concern over the company's net worth if other profitable divisions, such as Unipart, are also subject to privatisation moves, resulted in BL falling sharply to 38p at one stage before settling 8 lower on balance at 43p; sentiment was also unsettled by reports of a disappointing response to B-registered new car sales.

Motor Distributors were irregular. Arlington hardened a few pence to 142p following the near-80 per cent expansion in full-year profits. Henlys rose 3 to 125p after Midepsa gained control following its increased offer of 127p per share. In contrast, Lookers reacted to fresh profit-taking and dipped 6 at 102p, while the recent warning on profits clipped 6 more from Lex Service at 331p.

Among Paper/Printings, Mr Robert Maxwell's British Printing and Communication continued the recent recovery, rising 9 to 167p. Bunzl, buoyant recently following a favourable circular from brokers Wood Mackenzie, attracted renewed support to close 12 dearer at 270p. In contrast, David S. Smith eased a few pence to 52p after the 80 per cent downturn in preliminary profits. In Publishers, further consideration of the increased full-year loss clipped 13 more from Routledge and Kegan Paul, at 235p, while the annual profits setback left Gordon and Gotch 5 cheaper at a 1984 low of 108p.

Mercantile House became a relatively volatile market; up to 284p in initial response to preliminary profits that matched most estimates, the shares reacted to scattered profit-taking on *realisation of the disappointing contribution from the Oppenheimer business* and eased to 275p before settling only 2 off on balance at 280p. Exco, 435p, and R. P. Martin, 270p, lost 10 apiece.

Oils rally

After an uncertain opening, the oil majors staged a welcome *rally which continued until the* after-hours trade when prices closed a fraction below the day's best.

Nevertheless, most showed good gains on balance, despite renewed weakness in North Sea *oil prices*. BP initially dipped to 423p but rallied strongly to touch 435p prior to ending the day a net 5 to the good at 430p, while Britoil, having fallen to 201p early on, moved up to 213p prior to closing 8 firmer on balance at 210p. Shell were an active market and rose 7 to 550p, while LASMO were a similar amount to the good at 268p. Ultramar jumped 18 to 238p in a thin market.

Golds decline

South African Gold shares remained a dull and lifeless market despite the latest upturn in the *bullion* price, which edged up to close a net 75 cents firmer at $341.125 an ounce. The poor showing by Golds reflected a further decline in the Rand rate against the dollar, a movement that continued to encourage widespread selling of Golds. The weakness in the Rand was halted around midday but ensuing support from Continental operators *failed to prevent another* decline in the Gold Mines index which dropped 1.7 more to 497.3, thereby extending the decline over the past three trading days to one of 16.7. London Financials showed Charter Consolidated and Consolidated Gold Fields down 2 apiece at 228p and 478p respectively, but Rio Tinto-Zinc continued their recent revival and jumped *10* more to 547p—a two-day gain of 22.

Australians were quietly steady with the exception of Gold issues which continued to attract steady support. In the leaders, Gold Mines of Kalgoorlie followed Monday's 15 rise with a further 5 gain at 405p and Central Norseman added a like amount at 288p. Speculative Golds provided two outstanding features in Queen Margaret Gold, 3½ up at 15p, and Spargos, 6 firmer at 29p, which attracted good support following the encouraging gold intersections at the Bellevue gold prospect in Western Australia. Further consideration of the doubled reserves at the Hellyer base-metals deposit in Tasmania prompted renewed and often good buying of Paringa Mining, 8 better at 66p, and Aberfoyle, which jumped 30 more to 440p for a two-day rise of 90.

Speculative support for selective underlying stocks boosted demand for Traded Options and total contracts struck amounted to 3,194. Talk of a bid from U.S. sources prompted a lively demand for Beecham which attracted 781 calls with the September 300's accounting for 170 and rising 13 to 22p; the September 330's recorded 267 calls and advanced 6 to 10p. Commercial Union recorded 369 calls, 227 in the October 220's, 3 better at 12p.

FINANCIAL TIMES STOCK INDICES

	July 31	July 30	July 27	July 26	July 25	July 24	year ago
Government Secs	75.95	75.72	76.16	75.42	76.21	75.09	78.89
Fixed Interest	80.65	80.45	80.83	80.89	80.73	80.66	81.87
Industrial Ord.	790.5	772.7	776.4	777.5	770.2	763.5	718.0
Gold Mines	497.3	492.0	503.4	514.0	494.2	488.2	550.6
Ord. Div. Yield	5.81	5.29	5.97	5.27	5.38	5.39	4.62
Earnings, Yld.% (full)	15.01	10.39	12.34	19.05	12.15	12.81	9.14
P/E Ratio (net) (*)	2.87	9.73	2.72	0.27	2.89	2.83	15.51
Total bargains (Est.)	12,821	18,508	17,737	17,411	15,484	17,220	17,303
Equity turnover £m.	—	153.97	264.20	238.05	158.24	187.21	178.81
Equity bargains	—	12,463	15,332	14,441	11,662	13,172	15,536
Shares traded (ml)	—	21.8	203.8	132.1	106.4	115.8	114.0

10 am 779.6. 11 am 782.1. Noon 785.9. 1 pm 787.9. 2 pm 788.4. 3 pm 788.6.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.44.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int	87.48 (14/3)	80.43 (30/7)	155.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.2 (4/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/5)	488.2 (24/7)	734.7 (15/2/83)	43.3 (26/10/71)

S.E. ACTIVITY

	July 30	July 27
Daily		
Gilt Edged Bargains	143.8	165.5
Equities Bargains	80.7	99.3
Value	511.2	556.4
5-day Average		
Gilt Edged Bargains	158.9	121.4
Equities Bargains	86.9	87.7
Value	402.2	448.5

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (15)

AMERICANS (2) Nynex
CANADIANS (1)
CHEMICALS (1) Croda Int. Defd.
FOODS (1) Hinton (A.)
HOTELS (2) Garfunkels Restts. Ryan Hotels
INDUSTRIALS (1)
INSURANCE (1) Windsor Securities
LEISURE (1) Trident TV A
MOTORS (1) Adams & Gibbon
TEXTILES (1)
TRUSTS (1) Cambrian & Genl.
OILS (1) Night Hawk Res.
MINES (1) Queen Marg. Gold

NEW LOWS (82)

BRITISH FUNDS (1)
INT'L BK. & O'SEAS GOVT. STLG. ISS. (4)
Do. 14pc Ln '27 Sweden 13½pc 1986
LOANS (1) Nationwide 10¼pc 3.12.84
AMERICANS (2) Alcoa Tenneco
CANADIANS (3) Barrick Res. Corp. Gulf Canada Greenwich Res.
BREWERS (1) Davenports
BUILDINGS (2) Douglas (Robt. M.) Sheffield Brick
CHEMICALS (3) Coates Bros. Do. A N-V Brit. Tar Prods.
STORES (1) Gent (S. R.)
ELECTRICALS (5) Audiotronic Muirhead Grosvenor Group Wordplex Imtec
ENGINEERING (5) Ash & Lacy Lloyd (F. H.) Concentric Willey Cooper (F.)
FOODS (2) Carwermoor Premier Group
INDUSTRIALS (9) Assoc. Heat Serv. Fitzwilton Baynes (C.) Fletcher Challenge Bertson Clark Ovenstone Inv. Coin Inds. Schlumberger Esselte AB
INSURANCE (1) Liberty Life
LEISURE (1) Intervision Video
MOTORS (2) BL DSG Internatl.
NEWSPAPERS (4) Assoc. Book Pub. Gordon & Gotch Daily Mail A Liverpool Daily Post
PROPERTY (1) Gable House Prop.
SHIPPING (1) Lyle Shipping
SOUTH AFRICANS (9) Abercom SA Breweries Anglo Amer. Indl. Tiger Oats Barlow Rand Tongaat-Hulett Kirsh Trading Unisec OK Bazaars
TRUSTS (7) Cons. Venture Brint Invs. FUGIT Centreway Trust Inv. in Success Yule Catto Jersey General
OILS (5) Edinburgh Secs. Ohio Res. Gulfstream Res. Tuskar Res. International Pet.
PLANTATIONS (1) Bertam Hldgs.
MINES (11) Beoil Cons. Vogels Randfontein Ests. Anglo-Am. Invs. West Rand Cons. De Beers Defd. ERGO Lydenburg Plat. Deelkraal Admiral Mines Rand Mine Props.

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Blue Arrow N	14	85	—
Thorn EMI	13	375xs	−12½
Chubb	12	172	+ 5
Tate and Lyle	12	343	+21
BAT Inds	10	228	+13
ICI	10	540xd	+ 4
2ICC	0	215	+ 5
Barclays Bank	9	445	+ 2
BP	9	425	− 3
ICL	2	84	+ 3
Shell Trans	9	543	− 7
Brooke Bond	8	112	+ 2
Glaxo	8	845	+ 5
RTZ	2	537	+12

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues July 31 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Mon July 30 Index No.	Fri July 27 Index No.	Thur July 26 Index No.	Wed July 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (203)	464.28	+1.0	10.69	4.16	11.76	459.77	461.37	463.99	456.80	474.94
2	Building Materials (23)	427.81	+1.6	14.90	5.58	8.27	421.23	420.63	422.82	412.23	423.89
3	Contracting, Construction (30)	611.79	+0.4	15.92	6.18	8.00	609.10	606.77	611.23	605.69	722.52
4	Electricals (14)	1433.79	+0.8	11.23	5.19	11.06	1422.43	1411.79	1424.84	1406.87	1829.43
5	Electronics (31)	1647.89	+1.0	8.86	2.47	14.38	1631.54	1654.80	1656.88	1631.24	472.82
6	Mechanical Engineering (62)	238.15	+0.6	11.84	5.11	10.35	236.78	234.93	236.45	233.12	202.47
8	Metals and Metal Forming (9)	175.95	+1.7	11.43	7.18	11.32	172.97	170.47	172.86	170.15	173.52
9	Motors (17)	113.05	−0.1	8.06	5.44	—	113.15	113.83	115.81	112.83	115.98
10	Other Industrial Materials (17)	603.79	+1.2	7.77	4.06	15.96	596.89	597.84	604.41	599.68	528.15
21	CONSUMER GROUP (193)	480.58	+1.2	11.58	4.66	10.63	474.75	471.31	472.44	467.80	433.57
22	Brewers and Distillers (23)	488.12	+0.2	13.40	5.18	9.13	487.38	487.89	488.46	486.74	456.23
25	Food Manufacturing (22)	374.02	+0.2	14.93	5.84	8.26	373.11	369.63	371.45	367.47	357.71
26	Food Retailing (12)	1186.28	+0.5	7.94	2.98	16.68	1180.29	1095.47	1099.90	1078.31	872.29
27	Health and Household Products (9)	794.69	+2.8	6.24	3.05	19.22	773.21	771.83	774.51	762.98	887.44
29	Leisure (23)	533.55	+1.4	10.30	5.71	12.51	526.26	528.92	529.13	522.19	566.79
32	Newspapers, Publishing (13)	1203.88	+1.3	8.86	4.54	14.15	1187.20	1183.04	1186.19	1168.94	973.83
33	Packaging and Paper (15)	222.58	+1.5	15.88	6.21	7.29	219.37	217.38	217.75	215.43	186.62
34	Stores (46)	418.23	+2.1	10.14	4.27	13.15	409.76	407.09	406.07	401.68	384.50
35	Textiles (19)	248.04	+1.0	14.81	5.39	7.82	245.58	245.95	247.75	246.48	210.47
36	Tobaccos (3)	623.41	+0.7	18.00	5.85	6.28	619.37	593.58	598.95	608.56	394.95
39	Other Consumer (8)	423.81	+0.3	15.12	5.18	—	421.77	416.74	425.17	412.88	414.33
41	OTHER GROUPS (87)	420.26	+1.1	11.47	5.06	10.91	415.55	415.68	416.85	412.94	389.21
42	Chemicals (17)	559.47	+1.2	15.85	5.62	8.05	552.74	557.75	554.31	549.58	541.26
44	Office Equipment (4)	128.78	+3.0	8.69	5.96	13.21	125.00	124.26	125.39	124.17	115.96
45	Shipping and Transport (14)	822.35	+0.7	8.42	7.73	16.32	816.26	809.87	816.00	805.82	703.34
46	Miscellaneous (52)	577.58	+1.0	9.13	4.84	13.29	571.81	569.62	574.13	568.73	525.81
49	INDUSTRIAL GROUP (483)	471.16	+1.1	11.28	4.57	11.81	465.86	464.64	466.26	460.88	444.58
51	Oils (17)	949.23	+1.7	15.62	7.11	7.97	933.37	942.70	952.47	962.38	967.84
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (120)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Discount Houses (9)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Life) (9)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Composite) (9)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Insurance (Brokers) (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Merchant Banks (12)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Property (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Other Financial (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
75	Investment Trusts (104)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (742)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	FT-SE 100 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Tues July 31	Day's change %	Mon July 30	xd adj. today	xd adj. 1984 to date		AVERAGE GROSS REDEMPTION YIELDS	Tues July 31	Mon July 30	Year ago (approx.)
	British Government							British Government			
1	5 years	[illegible]	[illegible]	[illegible]	—	[illegible]	1	Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2	5–15 years	[illegible]	[illegible]	[illegible]	—	[illegible]	2	15 years	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	—	[illegible]	3	25 years	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	—	[illegible]	4	Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	—	[illegible]	5	15 years	[illegible]	[illegible]	[illegible]
6	Debentures & Loans	[illegible]	[illegible]	[illegible]	—	[illegible]	6	25 years	[illegible]	[illegible]	[illegible]
7	Preference	[illegible]	—	[illegible]	—	[illegible]	7	High Coupons 5 years	[illegible]	[illegible]	[illegible]
							8	15 years	[illegible]	[illegible]	[illegible]
							9	25 years	[illegible]	[illegible]	[illegible]
							10	Irredeemables	[illegible]	[illegible]	[illegible]
							11	Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
							12	15 years	[illegible]	[illegible]	[illegible]
							13	25 years	[illegible]	[illegible]	[illegible]
							14	Preference	[illegible]	[illegible]	[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

8	All stocks	[illegible]	[illegible]	[illegible]	—	[illegible]	15	Inflation rate 5%	[illegible]	[illegible]	[illegible]
							16	10%	[illegible]	[illegible]	[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. ●Corrected figure for 30/7/1984.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −	Net dividend	Times covered	Gross yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. [illegible]

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 23	Aug 3	Oct 25	Nov 5
Aug 6	Aug 17	Nov 8	Nov 19
Aug 20	Aug 31	Nov 22	Dec 3

For rate indications see end of Share Information Service

Money was given for the call of Weir Group, Eglinton Oil and Gas, Fleet Holdings, Intervision, Beecham, Applied Botanics, Bristol Oil and Minerals, Loraine, Brunswick Oil, Stewart Nairn, Benjamin Priest, ICL, Hongkong and Shanghai Banking, J. Bibby, Petranol, Charterhall, Sekers International and Amstrad Consumer Electronics. No puts were reported, although doubles were arranged in Brunswick and LCP.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Beecham	305	+19
BPCC	167	+ 9
Brooke Bond	110	− 2
Courtaulds	122	+ 3
Croda International	129	+ 3
Horizon Travel	148	+18
Intasun	108	+13
Shell Transport	550	+ 7
Tate and Lyle	353	+10
Trident TV A	157	+ 8
Ultramar	238	+18

RISES AND FALLS

	Rises	Falls	Same
British Funds	79	6	17
Corpns, Dom. & Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial & Props	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	—	—	—	—	2	40	$349.70
GOLD C	[illegible]	5	27	16	—	—	"
GOLD C	[illegible]	0.00	13	7.50	—	—	"
GOLD C	[illegible]	—	10	4	—	—	"
GOLD C	[illegible]	10	18	1.80	—	—	"
GOLD C	[illegible]	2	—	—	—	—	"
GOLD P	[illegible]	—	5	14	20	16.50	"
[illegible]							

TOTAL VOLUME IN CONTRACTS: 10,551

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*435)	430	52	38	47	14	[illegible]	[illegible]
	460	18	25	27	43	[illegible]	[illegible]
	500	7	10	—	76	[illegible]	[illegible]
	550	3	5	—	125	[illegible]	[illegible]
Cons Gold (*481)	460	50	80	55	18	[illegible]	[illegible]
	500	25	37	46	37	[illegible]	[illegible]
	550	11	24	—	77	[illegible]	[illegible]
	600	3	13	—	125	[illegible]	[illegible]
	650	1½	7	—	175	[illegible]	[illegible]
Courtaulds	110	11	16	12	6	[illegible]	[illegible]
[illegible]							

July 31. Total Contracts 3,194. Calls 2,510. Puts 684. *Underlying security prices.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	99	Treas 12pc 1984	99	.....	12.02	12.23
105	101½	Treas. 15pc 1985	101¼xd	.....	14.74	11.67
102½	100	Exch. 12pc Cnv. '85	100	+	11.98	11.62
95	93	Treas 3pc 1985	93	+	3.21	11.65
102	99	Treas 11½pc 1985	99	+	11.53	11.75
99	96	Treas 8¼pcCnv '85	96	+	9.10	11.02
104	99	Exch. 12½pc 1985	99	+	12.26	12.19
103	99	Exch. 11½pc '86	99xd	+	11.85	12.34
102	96	Treas. 10pcCnv 1986	96	+	10.40	12.55
90	88¼	Treas 3pc 1986	89	–	3.35	9.41
102	96	Exch. 10½pc Cv '86	96	+	10.83	12.40
104	99	Treas 12pc 1986	99	+	12.10	12.46
98	93	Treas 8½pc 1984-86‡‡	93	.....	9.08	12.27
108	102	Exch. 14pc 1986	102	+	13.65	12.59
87	85	Exch. 2½pc 1986	85	.....	2.93	9.74
107	100	Exch. 13¼pc 1987	100	+	13.13	12.76
100	94	Treas 10¼%Cv '87	94xd	+	10.83	12.77
86½	83½	Exch 7¼pc 1987	83¼	.....	7.99	9.82
101	94½	Exch. 10½pc 1987	94¼	+	11.08	12.64
92	87	Funding 6½pc '85-87‡‡	87	–	7.46	12.12
99	93	Treas. 10pc 1987	93¼	+	10.74	12.92
85	81	Treas 3pc 1987	82	.....	3.64	9.99
105	97	Treas. 12pc 1987	97	+	12.32	12.93
94	87	Treas 7¾pc 1985-88‡‡	87xd	–	8.84	12.17
100	92	Exch 10½pc '88	92	+	11.31	11.94
98	89	Treas 9¾pc Cv '88	90	+	10.82	13.06
82	77	Transport 3pc '78-88	77	–	3.86	10.14
96	88	Treas. 9½pc '88	88½	+	10.73	13.40
106	94	Treas 11½pc 1989	94xd	+	12.13	13.04
95	87	Treas 9½pc Cnv. '89	87	+	10.82	13.03
95½	90	Treas 10½pc 1989	90	+	11.56	13.09

Five to Fifteen Years

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	88	Exch. 10pc 1989	89¼xd	+	11.20	12.90
85¼	77½	Treas 5pc 1986-89	78	+	6.53	11.07
112¼	100½	Treas 13pc 1990‡‡	100½xd	+	13.01	13.03
110	101	Exch. 12½pc 1990	102½	+	12.81	13.09
93¼	84	Treas 8¼pc 1987-90‡‡	85	+	9.83	12.14
98	90	Treas. 10pc Cv 1990	91	+	11.45	13.00
107	94	Treas 11¾pc 1991	95	+	12.44	13.04
84	75	Funding 5¾pc '87-91‡‡	76	+	7.73	11.30
105	93	Exch. 11pc 1991	94¼	+	12.05	12.86
112	98	Treas 12¾pc 1992‡‡	99	+	12.88	12.94
100	86	Treas 10pc 1992	86½xd	+	11.50	12.75
111	95	Exch. 12¼pc '92	95½xd	+	12.73	13.01
117	106	Exch 13½pc 1992	106	+	13.27	13.12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Index-Linked

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Financial

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES & SPIRITS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES—Cont.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY & STORES—Cont.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING—Continued

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS—Continued

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

هكذا مثل الكامل

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—Continued

Central African

Australians

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
370	210	♥Centennial Min'ls.	290	−5	—	—	—
175	10p	♥Colby Res Corp.	115	......	—	—	—
955	550	Cons. Murch. 10c	575	......	†Q100c	1.4	8.9
£20¼	£14	Eastern Trns. Cns 50c	£15	......	Q90c	♦	3.3
		For Echo Bay Mines see Canadians					
252	160	Hampton Areas 10p	167xd	......	3.75	♦	3.0
205	145	♥Highwood Res	155	+5	—	—	—
£24½	£16	Homestake Mining $1	£17⅛	−⅛	Q20c	—	0.9
55	27	♥New Sabina Res C$1	30	......	—	—	—
365	220	Northgate C$1	240	......	—	—	—
718	500	RTZ	547	+10	18.0	2.5	4.7
£155½	£113½	Do. 9⅛pcLn '95-2000	£119	......	Q9½%	35.4	8.0
		For Sabina Res see New Sabina Res					
£11¾	850	♥Tara Expln $1	850	......	—	—	—

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution. ☒ Price ex Bowater Inc. entitlement.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	80	......
Craig & Rose £1	680	......
Finlay Pkg. 5p	43	......
Higsons Brew.	83	......
Holt (Jos) 25p	890	......
Iohl Stm. £1	104	−3

IRISH

Exch. 12% 1985	£98½	......
Nat. 9¾% 84/89	£89	......
Fin. 13% 97/02	£92½	......
Alliance Gas	63	......
Arnott	205	+5
CPI Hldgs.	85	......
Carroll Inds.	101	......
Hall (R. & H.)	46	......
Helton Hldgs.	18	......
Irish Ropes	95	−2
Jacob (W.& R.)	62½	......
TMG	50	......
Unidare	80	......

OPTIONS — 3-month call rates

GUS 'A'	55	Thorn EMI	55	Charter Cons.	20
Guardian	50	Trust Houses	18	Cons Gold	58
GKN	20	Turner Newall	10	Lonrho	12
Hanson Tst.	17	Unilever	75	Rio T Zinc	60

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX. 01-236 1851

High Income				
Gilts & Fixed Int.	108.3	114.6	+0.3	10.47
High Inc Equity	58.8	62.5	+0.3	6.06
Capital Growth				
American Growth	98.1	104.4	−0.3	2.01
Assets & Ernigs. Tt.	56.0	59.9	+0.4	1.62
Capital Reserve	51.8	52.1	—	0.81
Commodity & Energy	64.3	68.8	−0.2	1.34
General	81.7	89.5	+1.5	3.22
Japan	174.9	173.6	+0.4	0.14
UK Growth	53.4	57.4	+0.2	2.96
Acc. Units	74.6	80.2	+0.3	2.96
U.S. Emerging Co's	48.0	51.1	....	0.51
Worldwide Bond	147.1	152.2	+0.3	1.41
Equitas Prog	123.0	131.6	+1.3	4.05

Aitken Hume
30, City Road, EC1Y 2AY. 01-628 6626

American Tech Fd.	108.5	115.5	+0.4	0.20
Inc & Grth Fd	32.7	34.9	+0.2	4.85
Pacific Fd.	121.7	129.6	−0.9	0.30
Secured Income Fd.	116.0	123.6	+0.7	6.32
Special Sits	139.4	149.3	−1.4	1.56
Energy Fd.	36.2	30.6	+0.4	0.60
American Majors	48.2	51.6	−0.3	3.00
Small Co's Fd.	240.0	256.0	−1.9	1.47
Jap. Technology	52.0	55.1	....	0.20

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex
Brentwood. (0277) 211459 & 229123

Balanced Trusts				
First Trust	128.3	135.9	+1.5	5.00
Growth & Income Tst.	80.8	85.6	+0.9	4.19
Capital Trust	151.2	160.3	+1.7	3.65
Balanced Trust	219.5	237.7	+2.9	4.27
Accum. Trust	321.4	340.7	+1.9	3.91
Income Trusts				
High Income Trust	145.6	154.5	+1.1	5.42
Equity Income Trust	78.6	83.3	+0.5	4.65
High Yield Trust	97.6	103.5	+0.3	7.15
Govt. Secs. Trust	26.7	27.8	+0.1	9.39
International Trusts				
International Trust	52.5	55.7	+0.6	1.47
Japan Trust	51.0	54.0	+0.1	0.01
Pacific Trust	98.7	104.6	+0.3	1.47
Amer. Spec. Sits Tst.	47.2	50.0	−0.2	1.40
Secs. of Amer. Tst.	140.1	140.5	+0.2	1.65
Specialist Trusts				
Allied Asset Value	123.9	130.8	+1.0	4.55
Gld Growth Trust	28.9	30.1	+0.1	3.75
Smaller Co.'s Trust	80.2	85.0	+0.5	1.31
2nd Smlr. Co's Trust	95.4	104.3	+0.1	3.21
Recovery Trust	42.9	45.5	+0.4	1.49
Met. Min. & C'dty. Tst.	82.5	87.5	+0.4	3.05
O'seas Earnings Trust	116.5	123.5	+1.2	4.14
Technology Trust	71.7	78.1	+0.1	1.20
Exempt Trusts				

[illegible]

Robert Fleming & Co Ltd
8, Crosby Square, EC3 8AN. 01-638 5858

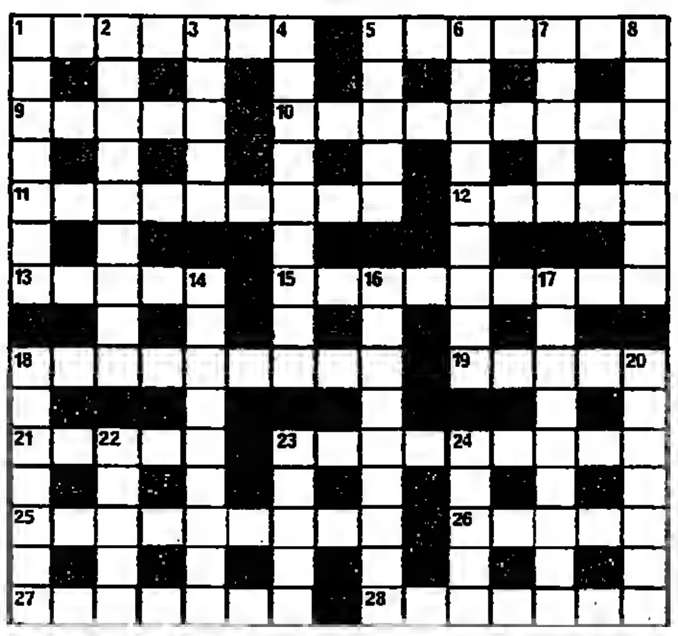
Am Ex Fd*	£253.28	258.56	.....	1.70
Jap Ex Fd*	£184.80	190.69	.....	1.42

Next subscription day Aug. 1 1984
*Fleming American Property Unit Trust
Latest issue price 115/51 US$11.248
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust
Latest issue price 12461 £2,085.
Units are issued on March 25, June 24, September 29 & December 25.
*Unauthorised.

INSURANCES

[illegible]

F.T. CROSSWORD PUZZLE No. 5,480



ACROSS

1 Fruit and nuts (7)
5 Not a landing strip (4, 3)
9 Bert and Jack in church (5)
10 Remote and out-of-the-way Parisian building (5, 4)
11 The most popular songs about apartheid (3, 6)
12 Engine-driver set out before morning (5)
13 New or old slayer (5)
15 Sixth sense tells where knowledge is to be sought (9)
18 Self-employed swimmer in France (4-5)
19 Near-beer place? (5)
21 Dance, drink and get a bad head (5)
23 Song about a water-shed? (3-6)
25 He may be seen at the courts, practising (9)
26 Turn out not to one's choice (5)
27 Change gears, points and lubricants (7)
28 Such twins were once inseparable (7)

DOWN

1 Washed up when everyone was in bed (7)
2 Out to make one uneasy? (3, 2, 4)
3 A girl or man disguised (5)
4 Feeling a nose isn't well-shaped (9)
5 It's up to the church to get its share (5)
6 What a teacher does to retain his position (4, 5)
7 Give people your address? (5)
8 He's at liberty to be a privileged citizen (7)
14 Noted soporifics (9)
16 Reference book shows the Zodiac sign he's in (9)
17 In money I've a reason for working (9)
18 Figure B may show an arsonist (7)
20 Infantile habits (7)
22 French river ran out in the Middle East (5)
23 Locations for tourist attractions we hear (5)
24 He may be spotted, laughing (5)

Solution to puzzle No. 5,479

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	23.8	25.1	.....	—
Blue Chip	18.2	19.2	.....	—
Fixed Yield	13.9	19.8	.....	—
Guaranteed Mny	15.4	16.3	.....	—
Managed	17.0	17.9	.....	—
International	22.5	23.5	.....	—
Property	14.7	15.5	.....	—
Pacific	16.4	17.3	.....	—
Equity	13.5	34.3	.....	—
Special Sits	19.0	20.1	.....	—
Int Currency	11.2	11.8	.....	—
Index Linked Secs	10.4	11.0	.....	—
American	19.5	17.4	.....	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	14.17	.....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth July 6	£2.69141		.....	—
Multi Gwth "B" July 6	248.0	261.1	.....	—
Op 5 Prop July 26	251.9	265.2	.....	—
Op 5 Equity July 30	291.1	306.5	+0.1	—
Op 5 Hy July 26	250.6	263.8	.....	—
Op 5 Man July 26	295.6	311.2	.....	—
Op 5 Dep July 30	194.6	204.9	.....	12.11
Op 5 Int Bond July 26	160.6	169.1	.....	—
Op 5 Inc Dist July 26	130.0	136.9	.....	8.90
Op 5 Int Man July 26	166.6	175.4	.....	—
Op 5 US$ July 26	138.8	146.1	.....	12.12
Pens B Pr Ac July 21	319.0	335.8	+0.6	—
Pens B Eq Ac July 31	784.6	825.9	−2.8	—
Pens B FI Ac July 31	356.5	375.3	−1.2	—
Pens B Md Ac July 31	504.4	551.0	−1.6	—
Pens B Dp Acc July 31	304.4	320.5	+1.5	—
PensBGart Glob July 13	891.0	938.0	.....	—
Pens B Gart NA July 15	974.0	1076.0	.....	—
PensBGart Pac July 15	862.0	908.0	.....	—

For Pensions Capital Units please ring extension 519.

Britannia Funds—Series A

Am Smllr Co's July 25	115.4	121.5	.....	—
Am Spec Sits July 25	134.4	141.5	.....	—
Commodity July 25	67.9	71.5	.....	—
Extra Inc July 25	107.5	113.2	.....	—
Far East July 25	87.3	91.9	.....	—
Fin Secs July 25	129.7	136.6	.....	—
Gold & Gen July 25	79.2	83.4	.....	—

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	167.6	136.5	+0.5	—
UK Equity	172.9	182.0	+1.3	—
Overseas Eq	161.9	130.5	+0.1	—
American	166.4	135.2	−0.5	—
Far East	156.1	164.4	−0.1	—
Property	109.5	115.3	−0.1	—
Fixed Int	146.4	154.2	+0.3	—
Indexed Gilt	93.7	98.7	.....	—
Deposit	110.8	114.7	.....	—

Pension Fund Prices

Man. Initial	164.8	173.5	+0.9	—
Man Acc.	180.5	190.1	+0.9	—
UK Eq. Initial	162.2	170.8	+1.8	—
UK Eq.	175.9	184.8	+2.0	—
Overseas Eq. Initial	181.8	191.4	−0.4	—
Overseas Eq.	205.6	216.5	−0.4	—
American Initial	177.0	186.4	−0.5	—
American	192.0	202.2	−0.6	—
Far East Initial	193.6	201.8	+0.2	—
Far East	210.5	221.6	+0.2	—
Prop. Initial	104.8	110.3	−0.1	—
Prop.	113.7	119.7	−0.1	—
Fixed Int. Initial	129.2	136.1	+0.2	—
Fixed Int.	140.0	147.4	+0.3	—
Indexed Gilt Initial	88.9	93.6	.....	—
Indexed Gilt	96.5	101.6	.....	—
Deposit Initial	109.3	115.1	.....	—
Deposit	119.1	125.4	.....	—

NPI Pensions Management Ltd.

Managed Fund	451.5	465.3	−7.9	—

Prices Aug 1. Next dealing August 8.

New Zealand Ins. Brit. Assce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	296.0	308.4	−19.8	—
UK Equity	138.3	745.6	+0.1	—
American	227.8	739.8	+2.4	—
Pacific	319.8	330.0	+0.7	—
Property	149.4	157.3	+0.9	—
Gilt	168.4	177.2	+0.1	—
High Inc. Equity	151.8	159.8	+1.2	—
High Inc. Fxd. Int.	96.3	101.3	−0.1	—
Deposit	146.1	131.9	.....	—
Index-Linked Gilt	97.6	102.7	+0.2	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

Rothschild Australia Asset Mgmt. Ltd.
17 Bridge St, Sydney 2000, Australia

Five Arrows Aust. Eq	A$1.37	1.39	+0.01	6.7

Royal Bank of Canada Funds
RBC Invest Managers Ltd
PO Box 246, St Peter Port, Guernsey. 0481 23021

Intl Income Fd	$9.21	9.82	.....	—
Intl Capital Fd	$15.12	16.36	.....	—
North America Fd	$6.24	$6.80	.....	—
Far East & Pacific Fd	$8.58	9.14	.....	—

RBC Intl Currencies Fd Ltd

U S $	£23.01	+0.01	—
Canadian $	$26.39	+0.01	—
£ Sterling	111.50	+0.01	—
D-Mark	DM52.53	+0.01	—
Swiss Francs	SF41.59	+0.01	—
Japanese Yen	Y6,505	+1	—
Managed Fund	$21.66	+0.01	—

Daily Dealings.

Royal Trust International Fd. Mngt. Ltd.(z)
PO Box 194, St. Helier, Jersey. 0534 27441

Sterling Fxd Int.Fd.	£0.762	0.773	.....	10.44
International Secs.	$0.980	1.028	.....	1.02
International Bond	$0.732	0.741	.....	17.31

Prices on July 25. Next dealing August 1.

SCI/Tech S.A.
2 Boulevard Royal, Luxembourg

SCI/Tech Nav	9.19	−0.05	—

Save & Prosper International
Dealing to
PO Box 73, St Helier, Jersey 0534 73931

Fixed Interest Funds

Deutschmark Bd.	DM10.38	10.94	+0.04	5.03
Dlr Fxd Int.	$7.56	8.09	+0.01	10.00
St Fixed	103.3	109.3	+0.3	12.81
Yen Bond	Y1,361	1,434	+5	1.14

Equity Funds

UK Growth	119.0	140.5	+0.7	1.09
Internatn. Gr	$9.15	9.40	−0.03	0.95
Far Eastern	$18.35	19.86	−0.05	0.38
North American	$7.34	7.66	+0.01	0.12
Gold	$9.91	10.32	+0.06	2.94

Multicurrency Reserve Fund

U.S. $	1.00	....	11.05
D Marks	10.00	....	3.86
£ Sterling	1.00	....	11.07
Yen	1000.0	....	4.16

Deposit Fund

Sterling Deposit	186.3	186.6	+0.1	0.11

All funds are daily dealings.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 77561

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$10.88	+0.01

Inv Adv: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 230[illegible]

Wren Com Fund	16.0	16.7
Chinese Fund	59.5	62.0
Precious Metal Fund	123.9	129.0
Vanguard Cmdy. Fd.	26.5	27.2
Financial Futures Fd	52.6	54.8

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	$8.43	−0.11

Money Market Trust Funds

Nom / Apr / Int Cr / Acc

Mallinhall Ltd
36 Berkeley Sq, W1X 5DA. 01-499 66[illegible]

M'hall Mny Fd	11.63	12.17	Qrl

The Money Market Trust
63 Qn Victoria St, EC4N 4S1. 01-236 09[illegible]

Call Fnd.	11.92	12.33
7-day Fnd.	11.96	12.37

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE. 01-736 14[illegible]

Call Fnd.	11.04	12.19	6-mth
7-day Fund	11.01	11.94	6-mth
Money Mngt. Acct.	11.75	12.28	3-mth
Dollar	10.19	10.43	6-mth

Money Market Bank Accounts

Nom / APR / Int. Cr / Notice

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 60[illegible]

Treasury Acc.	11.625	12.14	Qtr
Monthly Acc.	11.3	12.14	Mthl

Bank of Scotland
38 Threadneedle St, EC2P 2EH. 01-629 80[illegible]

Cheque Acc	11.15	11.74	Mthl

Barclays Prime Account
PO Box 125, Northampton 0604 252[illegible]

High Int. Cheque	11.00	11.46	Qtrl

Britannia Grp of Investment Companies
29 Finsbury Circus, EC2M 5QL. 01-588 27[illegible]

Cater Allen	11.75	12.40	Mthl

Charterhouse Japhet plc
1 Paternoster Row, EC4M 7DH. 01-248 39[illegible]

COMMODITIES AND AGRICULTURE

Milk Marketing Board attacks 'blight' of EEC milk quotas

BY RICHARD MOONEY

A NEW attack on the UK Government for accepting EEC production quotas on milk was launched by Sir Stephen Roberts, chairman of the Milk Marketing Board, at the Board's annual meeting in London yesterday.

The quota deal, which he described as "that EEC-imposed blight on our dairy industry," had not resulted in "rough justice," Sir Stephen said, but in "absurd and unfair situations."

He said quotas would not lead to any increase in the sale of milk and that their introduction was diverting some of the best brains in the business away from that primary task.

"Perhaps we could bear this if the deal our Government achieved was a reasonable one," he said. "But it was not!"

Sir Stephen estimated the deal would cost UK milk producers around £140m in the current year.

"Government accepted this cut on behalf of a country still importing 10 per cent of its needs for milk and dairy products," he said. "Put another way, they forfeited 1m tonnes of milk to imports, or the livelihoods of some 3,000 dairy farmers.

"They accepted it on behalf of an industry that had only recently been given the green light to go for self sufficiency: an industry that had accepted the challenges of 'Food from Our Own Resources' in 1975 and from Peter Walker (the last Minister of Agriculture) who said '£1 saved is the same as £1 earned.'

"They accepted the restrictions of a bureaucratically controlled system, when they claim to favour a free enterprise market."

Sir Stephen insisted that the punitive "superlevy" charged by the EEC on over-quota production should not be collected from British dairy farmers until all had been allocated their final quotas, and until the levy was being collected throughout the rest of Europe.

The MMB had reviewed its product development programme in the light of quota restrictions and planned to concentrate more on added value products so as to increase average returns on milk, Sir Stephen said.

"But all our plans must remain flexible because we expect the pattern of milk supply and its geographical distribution to take at least two years to settle."

The MMB chairman urged milk producers to "close ranks and unite to meet the challenges ahead."

"Now is not the time for faint hearts or to signal weaknesses to the opposition," he said.

"Now is the time for all milk producers to get solidly behind the board so that we can face the future with resolution, with conviction and with confidence."

Export curbs on coffee 'should be reduced'

PRODUCERS PLAN to press for a reduction in export quotas, and a higher price range, under the International Coffee Agreement for 1984-85, according to Jorge Cardenas, director general of the Colombia's national coffee federation, reports Reuter.

Sr Cardenas, speaking in Abidjan during a visit to the Ivory Coast, said producers had agreed at their talks in London last week to cut the global quota from the 60.2m bags (60 kilos each) reached in the current season.

He thought the quota should be fixed between 57m and 58m bags, and that the current price range of 120 to 140 cents a pound should be increased when the International Coffee Organisation meets in September.

Meanwhile, Ivory Coast traders are predicting that the coffee crop there should rise sharply to between 250,000 to 300,000 tonnes in 1984-85, compared with only some 80,000 tonnes in 1983-84 when production was badly hit by drought.

● FIRST-DAY volume for the Major Market Index futures was 9,204 contracts, a record for first-day index futures trading, says the Chicago Board of Trade.

● MANUFACTURING and marketing rights to the Pettit range of cultivation equipment have been acquired by plough manufacturers Dowdeswell Engineering, of Stockton, Warks. The agreement gives Dowdeswell the right to use the name Pettit.

● LORD BELSTEAD, Agriculture Minister, is to visit Norway and Finland from August 5-10.

● RECORD rapeseed yields of 3-4.2 tonnes per hectare have been noted in parts of France this year, says Cetiom, the oilseed research body.

Sugar harvest upsets Cuban hopes

BY CANUTE JAMES

THE recently concluded Cuban sugar harvest which, according to official figures, yielded 8m tons, is a setback to the Government's plans for the industry.

Although a significant improvement on last year's 7.2m tons, the crop fell 200,000 tonnes below 1982.

More significantly, this year's performance has supported earlier projections by Western diplomats in Havana that the island's Government was being too optimistic about the harvest.

Sr Diocles Torralba, the Sugar Minister, had forecast that this year's harvest would have yielded 9m tons—a target which was prejudiced by the conditions under which the season started.

The target was later officially downgraded to 8.2m tons.

Had it been realised, Sr Torralba's target would have signalled Cuba's best-ever post-revolutionary crop, beating the 8.5m tons of 14 years ago.

This year's yield of 8m tons represents a *serious setback* to Cuba's longer term economic plans.

Another 1m tons was really needed this year to provide the basis for the island to achieve a long-cherished hope of achieving 10m tons by next year.

THE DECLINE in world sugar values continued yesterday with the London daily raws price being fixed £1 lower at £88 a tonne, the lowest level since October 1982.

Dealers said the market was still being dominated by "bearish" fundamental factors and that the fall had been further influenced by stop loss selling on the futures market.

Cuban officials still remain reluctant to discuss most aspects of the industry, claiming that it is too fundamental to the island's economy.

Western diplomats in Havana say, however, that despite the disappointment of missing this year's target, officials are still saying 10m tons can be achieved next year.

This appears wildly optimistic. There is no ready indication of the basis of hopes for an increment in output by 20 per cent in a single crop year.

In many respects, this year's harvest was affected by problems similar to those which depressed last year's production.

Last year's reaping was extended by several weeks, after unseasonally heavy rains forced mid-crop suspension, and many of the island's 152 mills operated for a while at about 50 per cent capacity.

The waterlogged fields delayed preparations for this year's crop as the rains stimulated excessive weed growth in the fields.

As the recent harvest started, agronomists were reported looking for indications of the extent to which excessive water in the soil was determining the sucrose content of the canes.

The sugar industry continues also to feel the effects of the problems affecting the economy as a whole.

The reduction in available hard currency, which has led Cuba to seek a refinancing of some of its loans to the West, has caused a reduction in the volume of imports.

Chemicals which were needed to treat the heavily weeded fields were not available in adequate quantities at the right times.

The failure to achieve this year's target has cast some doubt on the effectiveness of a national programme to improve the industry's productivity.

Cuban officials have pointed in recent months to increasing mechanisation of field operations, using locally produced harvesting machines. These are being supplemented by harvesters bought from Australia. Loading of the canes is nearly all mechanised.

At the same time, the Cubans maintain that the 100,000 machete wielding cutters in action at the height of the harvest have enviable production record.

The effort at improved efficiency has had some success in the steady reduction of time lost through mechanical breakdowns in the island's mills.

For the industry to have yielded close to Sr Torralba's target this year, the mills would have had to achieve a sustained grinding index of just over 90 per cent. For the first half of the crop, however, the index hovered around the low to mid-80s.

The gap which the industry would have had to close in the second part of the harvest was clearly too large.

There are, however, clear signs that except for localised scares, Cuban sugar has overcome the ravages of smut disease which depressed output to 6.8m tons in 1980.

Lords seek sheepmeat changes

BY OUR COMMODITIES STAFF

A HOUSE of Lords committee is calling for changes in the EEC price support system for sheepmeat as operated in the UK, which would almost certainly lead to a significant rise in lamb prices in British shops.

The select committee on the European Communities, in a report published today*, calls for the scrapping of variable premium payments to UK lamb producers.

Under this system market prices are made up to a guide level set by the EEC by way of deficiency payments. But these payments are "clawed back" when the meat is exported, which puts British produced lamb at a disadvantage on Continental markets.

The committee recommends that the method of support to sheep farmers in Britain should come into line with the adopted elsewhere in the Community.

It says this would remove the inhibiting effect of the "clawback" on exports and allow intra-Community trade to take place under "indisputable communautaire conditions."

But the British National Farmers' Union (NFU) is strongly opposed to the idea. An NFU official said yesterday it could lead to a dramatic fall in UK lamb consumption as prices rose in the shops.

He said the UK lamb market operated at a lower price level than continental markets partly because of the influence of cheap New Zealand imports, which tended to limit the price consumers were willing to pay for home-produced lamb.

He admitted that the changes suggested by the committee would reduce the cost of operating the lamb price support system in Britain and would make for a more equal distribution of benefit throughout the Community.

"Nevertheless," he said, "We would prefer to see price support based on the end price as at present."

**The Shipmeat Regime, price £8.40.*

Indian wheat stockpile

NEW DELHI—The Indian Government, by July 27, had purchased a record 9.20m tonnes of wheat for stockpiling, in the 1984-85 marketing year which started on April 1, the Agriculture Ministry said.

This was up from 8.25m tonnes in the same 1983-84 period.

A spokesman said procurement of rice in the 1983-84 marketing year which started October 1 also reached a record of 7.64m tonnes up to July 27, up from 6.92m in the same period the previous year.

He said foodgrain stocks are comfortable
(Reuter)

Rural tinderbox warning

The prolonged drought and hot weather has turned much of the countryside into a major fire risk, the National Farmers' Union (NFU) warned yesterday.

Appealing to the public to exercise extreme care, Mr Sidney Fawcett, vice-president of the NFU, said: "Over the next few weeks, thousands of holiday-makers will be visiting the countryside. In the present tinder-dry conditions, a carelessly disgarded cigarette end, a spark from a car, or children with a box of matches, can easily set a whole area ablaze.

"Once alight, countryside fires are very difficult to control. Human life, farm animals and property, as well as wildlife and standing crops, are rapidly threatened."

"I appeal to all visitors to the countryside to recognise the fire risk and to exercise extreme care."

The hot, dry weather poses problems for farmers who wish to burn surplus straw. Mr Fawcett said: "The NFU's advice to farmers is quite clear.

"Our tough new straw and stubble burning code stipulates extra care if straw is burnt after a spell of hot, dry weather."

Aerial spraying ban urged

THE GOVERNMENT was urged yesterday to ban aerial spraying over footpaths and other land to which the public has access as part of its forthcoming Pesticides Bill.

There is a growing list of cases where people have been affected by aerial spraying, the Ramblers' Association said in a letter to the Ministry of Agriculture.

Recently, two women suffered burning pains after walking alongside a field which a week before had been sprayed with a fungicide, said Mr Alan Mattingly, a spokesman for the association.

PRICE CHANGES

BRITISH COMMODITY PRICES

BASE METALS

COPPER

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

SILVER

Silver was fixed 15.5p an ounce higher for spot delivery in the London bullion market at 544.6p. U.S. cents equivalents of the fixing levels were: spot 711c, up 18.2c; three-month 730.8c, up 18.7c; six-month 754c, up ...

WEEKLY METALS

COFFEE

COCOA

SUGAR

GRAINS

PIGMEAT

POTATOES

SOYABEAN MEAL

RUBBER

WOOL FUTURES

COTTON

MEAT/FISH

INDICES

LONDON OIL

GAS OIL FUTURES

LONDON FUTURES

GOLD MARKETS

EUROPEAN MARKETS

AMERICAN MARKETS

NEW YORK, July 31.

Precious metals followed the downside pressure of the currencies and finished lower, reports Nameld Commodities. Copper prices were sharply lower after early pressure touched off large scale stop-loss selling. ...

NEW YORK

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at new peaks

The dollar continued its advance on the foreign exchanges yesterday, despite a fairly quiet opening as the market awaited further inspiration from U.S. leading economic indicators or the Federal funds rate in New York. Leading indicators for June fell by 0.9 per cent, after a rise of 0.4 per cent in May, but this was not altogether surprising, with several economists forecasting a downward figure. Attention then turned to the Federal funds rate, which was very firm at nearly 12 per cent in early trading, without any intervention to add reserves to the New York banking system by the Federal Reserve. This pushed the dollar up to the highest level for 11½ years against the D-mark; a seven-year peak in terms of the Swiss franc; a 12½-year high against the guilder, and to record levels against the French franc and Italian lira.

After the London close the dollar broke through the DM 2.91 level against the D-mark in New York. It finished in London at DM 2.9055 compared with DM 2.8940; FFr 8.90 compared with FFr 8.8835; SwFr 2.4690 against SwFr 2.4625, but eased to Y245.25 from Y246 against the Japanese yen, which was helped by the present low level of world oil prices.

On Bank of England figures the dollar's trade-weighted index fell to 137.3 from 137.9.

STERLING—Trading range against the dollar in 1984 is 1.4905 to 1.3065. June average 1.3773. Trade-weighted index 78.5, compared with 78.3 at noon, 78.3 at the opening, 78.5 at the previous close, and 81.8 six months ago.

Sterling fell 5 points to $1.3070-1.3080 on the foreign exchanges after falling to a low point of $1.3020, and threatening to end at a record closing low against the dollar on continued concern about the miner's strike and the low level of world oil prices.

On the other hand the recent rise in London interest rates kept the pound firm against most other currencies. It rose to DM 3.80 from DM 3.7850, and FFr 11.6350 from FFr 11.62, but eased to SwFr 3.2150 from SwFr 3.2225, and Y320.75 from Y321.25.

D-MARK — Trading range against the dollar in 1984 is 2.9055 to 2.5535. June average 2.7393. Trade-weighted index 123.9 against 123.4 six months ago.

The D-mark showed mixed changes at the Frankfurt fixing, improving against the dollar and sterling, but weakening against the Swiss franc, Japanese yen and several European Monetary System currencies. The Bundesbank sold $29.95m at the fixing as the dollar fell to DM 2.8964 from DM 2.8980, but was probably not active on the open market. Trading was generally slow because of month end factors. The dollar opened at DM 2.8950 compared with DM 2.8915 in late New York trading on Monday. Sterling declined to DM 3.7830 from DM 3.7880, and within the EMS the Dutch guilder fell to DM 88.485 per 100 guilders from DM 88.510. On the other hand the French franc rose to DM 32.590 per 100 francs from DM 32.585, and the Belgian franc to DM 4.9490 per 100 francs from DM 4.9470.

FRENCH FRANC—Trading range against the dollar in 1984 is 8.90 to 7.99. June Average 8.4167. Trade-weighted index 65.4 against 65.4 six months ago.

The French franc showed little reaction to the partial relaxation of French exchange controls yesterday. The dollar fell to FFr 8.8895 from FFr 8.8910, and sterling to FFr 11.6050 from FFr 11.6225, but the D-mark improved to FFr 3.0689 from FFr 3.0688. The new rules allow French residents to use credit cards outside the country, but this led to protests from French travel agents and tourist organisations on the basis that this represented only a very small amount of total use. Also within the EMS the Belgian franc fell to FFr 15.1825 per 100 francs from FFr 15.1850, and the Dutch guilder to FFr 2.7148 from FFr 2.7169.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.2700	+0.82	+0.78	±1.5447
Danish Krone ...	8.14104	8.18057	+0.49	+0.43	±1.6425
German D-Mark	2.24184	2.23866	−0.14	−0.20	±1.0642
French Franc ...	6.87456	6.87063	−0.06	−0.12	±1.4052
Dutch Guilder ...	2.52595	2.53019	+0.17	+0.11	±1.4964
Irish Punt	0.72569	0.727787	+0.29	+0.23	±1.6699
Italian Lira	1403.49	1374.13	−2.09	−2.09	±4.1506

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	31 July	Prev. close
Spot	$1.3045-3050	$1.3070-3085
1 month	0.10-0.07 pm	0.12-0.08 pm
3 months	0.14-0.10 pm	0.15-0.11 pm
12 months	0.75-0.90 dis	0.65-0.80 dis

OTHER CURRENCIES

CURRENCY MOVEMENTS

CURRENCY RATES

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

MONEY MARKETS

London rates little changed

Interest rates tended to pivot around the three-month period on the London money market yesterday, with three-month interbank little changed at 12⅛ per cent, compared with 12⅛ per cent, while 12-month fell to 12¼ per cent from 12⅜ per cent. This produced a downward sloping yield curve once again, compared with a flat finish on Monday after the longer dated periods had shown a significant rise.

Discount houses buying rates for three-month eligible bank bills were unchanged at 11⅞ per cent yesterday.

UK clearing banks' base lending rate 12 per cent (since July 12-13)

The Bank of England forecast a money market shortage of £450m, but changed this to £500m at noon, and provided total help on the day of £487m.

Early assistance of £280m was given when the authorities bought £10m bank bills in band 2 (15-33 days) at 11⅞ per cent; £21m bank bills in band 3 (34-63 days) at 11⅞ per cent; and £249m bank bills in band 4 (64-91 days) at 11⅞ per cent.

In the morning further assistance of £44m was also provided as the Bank of England bought £8m bank bills in band 3 at 11⅞ per cent, and £36m bank bills in band 4 at 11⅞ per cent.

After lunch help of £113m was given, including £46m outright through £28m bank bills in band 2 at 11⅞ per cent; £9m bank bills in band 3 at 11⅞ per cent and £2m bank bills in band 4 at 11⅞ per cent. Another £72m bills were bought by the authorities for resale to the market on August 21 at a rate of 11⅞ per cent.

The Bank of England also provided late assistance of £45m.

Major factors against the market were: bills maturing in official hands, repayment of late assistance, and take-up of Treasury bills draining £224m, and the unwinding of repurchase agreements on bills absorbing £80m. These were partly offset by Exchequer transactions adding £56m to liquidity, a fall in the note circulation of £75m, and bank balances above target of £40m.

MONEY RATES

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING 11.00 a.m. July 31)

3 months U.S. dollars	
bid 11 15/16	offer 11 15/16

6 months U.S. dollars	
bid 12 1/4	offer 12 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

FINANCIAL FUTURES

Prices rally

Interest rate contracts rallied on the London Financial Futures Exchange yesterday after a dull opening, following a weaker trend in the U.S. bond market overnight on profit taking ahead of next week's U.S. Treasury auctions.

Eurodollars opened weak, with September delivery at 88.21, compared with the previous settlement of 88.27, but then appeared to show surprise at the drop of 0.9 per cent in U.S. June leading economic indicators, and rallied to a peak of 88.37, before closing at 88.34.

September Treasury bonds showed a similar movement, opening slightly below the previous close at 63-23, and after touching 64-09 finishing at 64-02, compared with 63-24 on Monday.

Gilts and three-month sterling deposits for future delivery also opened weak, but then recovered. September gilts opened at 98-20, and touched 98-16, but then rose to close near the highest level of the day at 99-09, compared with 98-21 previously.

Sterling deposits moved similarly, opening at 88.29 for September and touching a low of 88.25, but then moving up as longer-term interest rates showed a downward trend on the London money market despite little change in the three-month interbank rate. After touching a high of 88.42 the contract closed at 88.40.

Stock index futures were generally dull, but the September contract closed at its peak.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	88.34	88.37	88.20	88.27
Dec	87.84	87.87	87.70	87.77
March	87.46	87.48	87.33	87.43
June	87.15	87.16	87.10	87.13
Sept	86.96	—	—	86.85

Est. volume 3,411 (3,622)
Previous day's open int. 13,393 (13,122)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Sept	88.40	88.42	88.25	88.34

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	100.90	100.90	98.60	98.85
Dec	101.00	101.00	100.65	98.98
March	101.20	—	—	99.20

Est. volume 285 (333)
Previous day's open int 1,142 (1,024)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	64-02	64-09	63-21	63-24
Dec	63-15	63-15	63-03	63-05
March	62-30	—	—	62-20

Est volume 453 (601)
Previous day's open int 1,258 (1,312)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	66-02	66-06	65-29	65-29
Dec	65-03	65-06	65-00	64-31
March	64-05	64-08	64-03	64-02
June	63-13	63-13	63-13	63-10
Sept	—	—	—	62-24
Dec	—	—	—	62-10
March	—	—	—	—
June	—	—	—	61-23

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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 31.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.

[illegible]

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CAPITAL MARKETS

EUROBONDS

Novel attraction of Citicorp floater

BY MAGGIE URRY IN LONDON

THE Eurodollar floating rate note market had some more of what it fancies yesterday, when Crédit Suisse First Boston launched a $250m FRN for Citicorp Overseas Finance. The 12-year note pays interest quarterly, but the novel and attractive feature is that the yield will be the quarterly average of the weekly fixings for the mean of three-month London interbank bid and offered rates.

That will allow buyers to fund their holdings at seven-day rates, while being sure of receiving three-month rates – currently around ½ a percentage point higher – without the risk involved of interest rates moving.

The structure appealed to investors, and the issue traded within its 0.20 per cent selling concession. Co-lead is Citicorp International Bank.

Despite the still weak Tokyo stock market, Toshiba Ceramics raised $30m through a 10-year convertible issue. It was rumoured to be largely pre-placed and was quoted at a one point discount to its par issue price, inside the 1½ per cent selling concession. The indicated coupon is 3½ per cent with a conversion premium of 5 per cent expected. A put option after five years at 106 gives a 4.6 per cent yield.

WHF Bank bond average		
July 31		Previous
[illegible]		[illegible]
High	1984	Low
100.009		[illegible]

More Japanese borrowers are expected to tap the Eurodollar market this week.

Recent new issues picked up following a stronger opening by the New York market and some retail interest. Seasoned bond prices rose slightly.

The Swiss franc market was unchanged to slightly better in low turnover yesterday. Bank Julius Baer is arranging a SwFr 20m private placement for the Japanese pen company, Sailor Pen. The five-year convertible has an indicated yield of 2¾ per cent

The D-Mark Eurobond market has now adjusted to the expectation of the 25 per cent coupon tax on domestic bonds being removed. The sector was quiet yesterday with prices unchanged.

Denmark's Fl 150m 10-year issue was priced at 100¼ by Algemene Bank Nederland. An improving market has allowed the premium pricing, with the coupon at 9¼ per cent as indicated.

OVER-THE-COUNTER

Continued from Page 24

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					